

F5 Networks, Inc.
Condensed Consolidated Statements of Operations
(unaudited, in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2011	2010	2011	2010
Net revenues				
Products.....	\$ 173,710	\$ 129,559	\$ 345,202	\$ 248,777
Services.....	103,862	76,509	201,304	148,447
Total.....	<u>277,572</u>	<u>206,068</u>	<u>546,506</u>	<u>397,224</u>
Cost of net revenues (1)				
Products.....	31,423	27,419	63,037	53,461
Services.....	19,250	13,997	36,599	27,084
Total.....	<u>50,673</u>	<u>41,416</u>	<u>99,636</u>	<u>80,545</u>
Gross Profit.....	<u>226,899</u>	<u>164,652</u>	<u>446,870</u>	<u>316,679</u>
Operating expenses (1)				
Sales and marketing.....	89,332	69,644	176,157	135,286
Research and development.....	34,507	29,134	67,113	55,854
General and administrative.....	19,846	16,016	40,530	31,969
Total.....	<u>143,685</u>	<u>114,794</u>	<u>283,800</u>	<u>223,109</u>
Income from operations.....	83,214	49,858	163,070	93,570
Other income, net.....	1,568	2,291	4,113	3,996
Income before income taxes.....	84,782	52,149	167,183	97,566
Provision for income taxes (1).....	29,207	19,005	55,945	35,143
Net Income.....	<u>\$ 55,575</u>	<u>\$ 33,144</u>	<u>\$ 111,238</u>	<u>\$ 62,423</u>
Net income per share - basic.....	<u>\$ 0.69</u>	<u>\$ 0.42</u>	<u>\$ 1.38</u>	<u>\$ 0.79</u>
Weighted average shares - basic.....	<u>80,809</u>	<u>79,394</u>	<u>80,726</u>	<u>79,147</u>
Net income per share - diluted.....	<u>\$ 0.68</u>	<u>\$ 0.41</u>	<u>\$ 1.36</u>	<u>\$ 0.77</u>
Weighted average shares - diluted.....	<u>81,622</u>	<u>80,737</u>	<u>81,670</u>	<u>80,630</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 55,575	\$ 33,144	\$ 111,238	\$ 62,423
Stock-based compensation expense, net of tax (2).....	15,912	12,038	32,448	24,168
Net income excluding stock-based compensation (non-GAAP).....	<u>\$ 71,487</u>	<u>\$ 45,182</u>	<u>\$ 143,686</u>	<u>\$ 86,591</u>
Net income per share excluding stock-based compensation (non-GAAP) - diluted.....	<u>\$ 0.88</u>	<u>\$ 0.56</u>	<u>\$ 1.76</u>	<u>\$ 1.07</u>
Weighted average shares - diluted.....	<u>81,622</u>	<u>80,737</u>	<u>81,670</u>	<u>80,630</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 2,167	\$ 1,685	\$ 4,395	\$ 3,284
Sales and marketing.....	8,359	6,377	17,092	13,094
Research and development.....	5,589	4,579	11,477	9,448
General and administrative.....	5,651	3,880	11,742	7,759
Tax effect of stock-based compensation.....	(5,854)	(4,483)	(12,258)	(9,417)
	<u>\$ 15,912</u>	<u>\$ 12,038</u>	<u>\$ 32,448</u>	<u>\$ 24,168</u>

(2) Stock-based compensation is accounted for in accordance with the fair value recognition provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, Compensation – Stock Compensation ("FASB ASC Topic 718")