

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,	
	2012	2011	2012	2011
Net revenues				
Products.....	\$ 205,165	\$ 173,710	\$ 401,719	\$ 345,202
Services.....	134,457	103,862	260,335	201,304
Total.....	<u>339,622</u>	<u>277,572</u>	<u>662,054</u>	<u>546,506</u>
Cost of net revenues (1)(2)				
Products.....	33,668	31,423	66,868	63,037
Services.....	23,926	19,250	46,332	36,599
Total.....	<u>57,594</u>	<u>50,673</u>	<u>113,200</u>	<u>99,636</u>
Gross Profit.....	<u>282,028</u>	<u>226,899</u>	<u>548,854</u>	<u>446,870</u>
Operating expenses (1)(2)(3)				
Sales and marketing.....	110,995	89,332	217,233	176,157
Research and development.....	43,568	34,507	82,690	67,113
General and administrative.....	22,785	19,846	44,462	40,530
Total.....	<u>177,348</u>	<u>143,685</u>	<u>344,385</u>	<u>283,800</u>
Income from operations.....	104,680	83,214	204,469	163,070
Other income, net.....	1,428	1,568	3,289	4,113
Income before income taxes.....	106,108	84,782	207,758	167,183
Provision for income taxes.....	37,467	29,207	72,625	55,945
Net Income.....	<u>\$ 68,641</u>	<u>\$ 55,575</u>	<u>\$ 135,133</u>	<u>\$ 111,238</u>
Net income per share - basic.....	<u>\$ 0.87</u>	<u>\$ 0.69</u>	<u>\$ 1.71</u>	<u>\$ 1.38</u>
Weighted average shares - basic.....	<u>79,156</u>	<u>80,809</u>	<u>79,214</u>	<u>80,726</u>
Net income per share - diluted.....	<u>\$ 0.86</u>	<u>\$ 0.68</u>	<u>\$ 1.69</u>	<u>\$ 1.36</u>
Weighted average shares - diluted.....	<u>79,775</u>	<u>81,622</u>	<u>79,853</u>	<u>81,670</u>

Non-GAAP Financial Measures

Net income as reported.....	\$ 68,641	\$ 55,575	\$ 135,133	\$ 111,238
Stock-based compensation expense (4).....	23,345	21,766	45,468	44,706
Amortization of purchased intangible assets (5).....	1,339	-	1,339	-
Acquisition-related charges (5).....	750	-	750	-
Tax effects related to above items.....	(6,964)	(5,854)	(13,339)	(12,258)
Net income excluding stock-based compensation, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 87,111</u>	<u>\$ 71,487</u>	<u>\$ 169,351</u>	<u>\$ 143,686</u>
Net income per share excluding stock-based compensation, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 1.09</u>	<u>\$ 0.88</u>	<u>\$ 2.12</u>	<u>\$ 1.76</u>
Weighted average shares - diluted.....	<u>79,775</u>	<u>81,622</u>	<u>79,853</u>	<u>81,670</u>

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 2,584	\$ 2,167	\$ 5,122	\$ 4,395
Sales and marketing.....	9,354	8,359	18,408	17,092
Research and development.....	6,510	5,589	12,336	11,477
General and administrative.....	4,897	5,651	9,602	11,742
Total.....	<u>\$ 23,345</u>	<u>\$ 21,766</u>	<u>\$ 45,468</u>	<u>\$ 44,706</u>

(2) Includes amortization of purchased intangible assets as follows:

Cost of net revenues.....	\$ 1,199	\$ -	\$ 1,199	\$ -
Sales and marketing.....	140	-	140	-
Total.....	<u>\$ 1,339</u>	<u>\$ -</u>	<u>\$ 1,339</u>	<u>\$ -</u>

(3) Includes acquisition-related charges as follows:

General and administrative.....	\$ 750	\$ -	\$ 750	\$ -
Total.....	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ -</u>

(4) 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")

(5) Beginning with the second quarter of fiscal 2012, the company will exclude amortization of purchased intangible assets and acquisition-related charges in addition to stock-based compensation expense as a non-GAAP financial measure