

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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net revenues				
Products.....	\$ 207,118	\$ 179,327	\$ 608,837	\$ 524,529
Services.....	145,516	111,386	405,851	312,690
Total.....	<u>352,634</u>	<u>290,713</u>	<u>1,014,688</u>	<u>837,219</u>
Cost of net revenues (1)(2)				
Products.....	34,482	31,803	101,350	94,840
Services.....	25,805	20,645	72,137	57,244
Total.....	<u>60,287</u>	<u>52,448</u>	<u>173,487</u>	<u>152,084</u>
Gross Profit.....	<u>292,347</u>	<u>238,265</u>	<u>841,201</u>	<u>685,135</u>
Operating expenses (1)(2)(3)				
Sales and marketing.....	112,064	93,633	329,297	269,790
Research and development.....	46,985	35,245	129,675	102,358
General and administrative.....	23,298	21,126	67,760	61,656
Total.....	<u>182,347</u>	<u>150,004</u>	<u>526,732</u>	<u>433,804</u>
Income from operations.....	110,000	88,261	314,469	251,331
Other income, net.....	1,713	1,889	5,002	6,002
Income before income taxes.....	111,713	90,150	319,471	257,333
Provision for income taxes.....	39,377	27,601	112,002	83,546
Net Income.....	<u>\$ 72,336</u>	<u>\$ 62,549</u>	<u>\$ 207,469</u>	<u>\$ 173,787</u>
Net income per share - basic.....	<u>\$ 0.91</u>	<u>\$ 0.77</u>	<u>\$ 2.62</u>	<u>\$ 2.15</u>
Weighted average shares - basic.....	<u>79,135</u>	<u>80,866</u>	<u>79,188</u>	<u>80,773</u>
Net income per share - diluted.....	<u>\$ 0.91</u>	<u>\$ 0.77</u>	<u>\$ 2.60</u>	<u>\$ 2.13</u>
Weighted average shares - diluted.....	<u>79,655</u>	<u>81,497</u>	<u>79,834</u>	<u>81,655</u>

Non-GAAP Financial Measures

Net income as reported.....	\$ 72,336	\$ 62,549	\$ 207,469	\$ 173,787
Stock-based compensation expense (4).....	23,537	22,907	69,005	67,613
Amortization of purchased intangible assets (5).....	1,894	-	3,233	-
Acquisition-related charges (5).....	-	-	750	-
Tax effects related to above items.....	(7,191)	(6,078)	(20,530)	(18,336)
Net income excluding stock-based compensation, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 90,576</u>	<u>\$ 79,378</u>	<u>\$ 259,927</u>	<u>\$ 223,064</u>
Net income per share excluding stock-based compensation, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 1.14</u>	<u>\$ 0.97</u>	<u>\$ 3.26</u>	<u>\$ 2.73</u>
Weighted average shares - diluted.....	<u>79,655</u>	<u>81,497</u>	<u>79,834</u>	<u>81,655</u>

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 2,706	\$ 2,398	\$ 7,828	\$ 6,793
Sales and marketing.....	8,537	8,834	26,945	25,926
Research and development.....	7,504	5,922	19,840	17,399
General and administrative.....	4,790	5,753	14,392	17,495
Total.....	<u>\$ 23,537</u>	<u>\$ 22,907</u>	<u>\$ 69,005</u>	<u>\$ 67,613</u>

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

Cost of net revenues.....	\$ 1,704	\$ -	\$ 2,903	\$ -
Sales and marketing.....	190	-	330	-
Total.....	<u>\$ 1,894</u>	<u>\$ -</u>	<u>\$ 3,233</u>	<u>\$ -</u>

(3) Includes acquisition-related charges as follows:

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