

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

	Three months ended December 31, 2012	Three months ended September 30, 2012	Three months ended December 31, 2011
Net revenues			
Products.....	\$ 204,712	\$ 209,718	\$ 196,554
Services.....	160,739	152,841	125,878
Total.....	<u>365,451</u>	<u>362,559</u>	<u>322,432</u>
Cost of net revenues (1)(2)			
Products.....	31,792	35,752	33,200
Services.....	29,093	26,929	22,406
Total.....	<u>60,885</u>	<u>62,681</u>	<u>55,606</u>
Gross profit.....	<u>304,566</u>	<u>299,878</u>	<u>266,826</u>
Operating expenses (1)(2)			
Sales and marketing.....	122,268	116,298	106,238
Research and development.....	48,541	47,731	39,122
General and administrative.....	24,673	24,015	21,677
Total.....	<u>195,482</u>	<u>188,044</u>	<u>167,037</u>
Income from operations.....	109,084	111,834	99,789
Other income, net.....	1,550	909	1,861
Income before income taxes.....	<u>110,634</u>	<u>112,743</u>	<u>101,650</u>
Provision for income taxes.....	41,141	45,026	35,158
Net Income.....	<u>\$ 69,493</u>	<u>\$ 67,717</u>	<u>\$ 66,492</u>
Net income per share - basic.....	<u>\$ 0.88</u>	<u>\$ 0.86</u>	<u>\$ 0.84</u>
Weighted average shares - basic.....	<u>78,789</u>	<u>78,980</u>	<u>79,272</u>
Net income per share - diluted.....	<u>\$ 0.88</u>	<u>\$ 0.85</u>	<u>\$ 0.83</u>
Weighted average shares - diluted.....	<u>79,278</u>	<u>79,425</u>	<u>79,822</u>

Non-GAAP Financial Measures

Net income as reported.....	\$ 69,493	\$ 67,717	\$ 66,492
Stock-based compensation expense (3).....	26,710	26,343	22,123
Amortization of purchased intangible assets (4).....	1,033	1,610	-
Tax effects related to above items.....	(6,613)	(6,965)	(6,375)
Net income excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 90,623</u>	<u>\$ 88,705</u>	<u>\$ 82,240</u>
Net income per share excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 1.14</u>	<u>\$ 1.12</u>	<u>\$ 1.03</u>
Weighted average shares - diluted.....	<u>79,278</u>	<u>79,425</u>	<u>79,822</u>

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 2,967	\$ 3,082	\$ 2,538
Sales and marketing.....	10,556	10,043	9,054
Research and development.....	7,802	8,036	5,826
General and administrative.....	5,385	5,182	4,705
Total.....	<u>\$ 26,710</u>	<u>\$ 26,343</u>	<u>\$ 22,123</u>

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

Cost of net revenues.....	\$ 958	\$ 1,458	\$ -
Sales and marketing.....	75	152	-
Total.....	<u>\$ 1,033</u>	<u>\$ 1,610</u>	<u>\$ -</u>

(3) 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

(4) 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