

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2013	2012	2013	2012
Net revenues				
Products.....	\$ 185,107	\$ 205,165	\$ 389,819	\$ 401,719
Services.....	165,125	134,457	325,864	260,335
Total.....	<u>350,232</u>	<u>339,622</u>	<u>715,683</u>	<u>662,054</u>
Cost of net revenues (1)(2)				
Products.....	29,773	33,668	61,565	66,868
Services.....	30,529	23,926	59,622	46,332
Total.....	<u>60,302</u>	<u>57,594</u>	<u>121,187</u>	<u>113,200</u>
Gross profit.....	<u>289,930</u>	<u>282,028</u>	<u>594,496</u>	<u>548,854</u>
Operating expenses (1)(2)(3)				
Sales and marketing.....	119,031	110,995	241,299	217,233
Research and development.....	52,534	43,568	101,075	82,690
General and administrative.....	25,889	22,785	50,562	44,462
Total.....	<u>197,454</u>	<u>177,348</u>	<u>392,936</u>	<u>344,385</u>
Income from operations.....	92,476	104,680	201,560	204,469
Other income, net.....	2,118	1,428	3,668	3,289
Income before income taxes.....	94,594	106,108	205,228	207,758
Provision for income taxes.....	31,182	37,467	72,323	72,625
Net income.....	<u>\$ 63,412</u>	<u>\$ 68,641</u>	<u>\$ 132,905</u>	<u>\$ 135,133</u>
Net income per share - basic.....	<u>\$ 0.81</u>	<u>\$ 0.87</u>	<u>\$ 1.69</u>	<u>\$ 1.71</u>
Weighted average shares - basic.....	<u>78,601</u>	<u>79,156</u>	<u>78,696</u>	<u>79,214</u>
Net income per share - diluted.....	<u>\$ 0.80</u>	<u>\$ 0.86</u>	<u>\$ 1.68</u>	<u>\$ 1.69</u>
Weighted average shares - diluted.....	<u>79,114</u>	<u>79,775</u>	<u>79,263</u>	<u>79,853</u>

**Non-GAAP Financial Measures**

Net income as reported.....	\$ 63,412	\$ 68,641	\$ 132,905	\$ 135,133
Stock-based compensation expense (4).....	27,610	23,345	54,320	45,468
Amortization of purchased intangible assets (5).....	1,033	1,339	2,066	1,339
Acquisition-related charges (5).....	-	750	-	750
Tax effects related to above items.....	(7,313)	(6,964)	(13,926)	(13,339)
Net income excluding stock-based compensation expense, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 84,742</u>	<u>\$ 87,111</u>	<u>\$ 175,365</u>	<u>\$ 169,351</u>
Net income per share excluding stock-based compensation expense, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 1.07</u>	<u>\$ 1.09</u>	<u>\$ 2.21</u>	<u>\$ 2.12</u>
Weighted average shares - diluted.....	<u>79,114</u>	<u>79,775</u>	<u>79,263</u>	<u>79,853</u>

(1) Includes stock-based compensation expense as follows:

Cost of net revenues.....	\$ 2,927	\$ 2,584	\$ 5,894	\$ 5,122
Sales and marketing.....	10,718	9,354	21,274	18,408
Research and development.....	8,262	6,510	16,064	12,336
General and administrative.....	5,703	4,897	11,088	9,602
Total.....	<u>\$ 27,610</u>	<u>\$ 23,345</u>	<u>\$ 54,320</u>	<u>\$ 45,468</u>

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

Cost of net revenues.....	\$ 958	\$ 1,199	\$ 1,916	\$ 1,199
Sales and marketing.....	75	140	150	140
Total.....	<u>\$ 1,033</u>	<u>\$ 1,339</u>	<u>\$ 2,066</u>	<u>\$ 1,339</u>

(3) Includes acquisition-related charges as follows:

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