

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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net revenues				
Products.....	\$ 196,746	\$ 207,118	\$ 586,565	\$ 608,837
Services.....	173,556	145,516	499,420	405,851
Total.....	<u>370,302</u>	<u>352,634</u>	<u>1,085,985</u>	<u>1,014,688</u>
Cost of net revenues (1)(2)				
Products.....	32,350	34,482	93,915	101,350
Services.....	32,567	25,805	92,189	72,137
Total.....	<u>64,917</u>	<u>60,287</u>	<u>186,104</u>	<u>173,487</u>
Gross Profit.....	<u>305,385</u>	<u>292,347</u>	<u>899,881</u>	<u>841,201</u>
Operating expenses (1)(2)(3)				
Sales and marketing.....	121,906	112,064	363,205	329,297
Research and development.....	54,075	46,985	155,150	129,675
General and administrative.....	25,327	23,298	75,889	67,760
Total.....	<u>201,308</u>	<u>182,347</u>	<u>594,244</u>	<u>526,732</u>
Income from operations.....	104,077	110,000	305,637	314,469
Other income, net.....	2,874	1,713	6,542	5,002
Income before income taxes.....	106,951	111,713	312,179	319,471
Provision for income taxes.....	38,773	39,377	111,096	112,002
Net Income.....	<u>\$ 68,178</u>	<u>\$ 72,336</u>	<u>\$ 201,083</u>	<u>\$ 207,469</u>
Net income per share - basic.....	<u>\$ 0.87</u>	<u>\$ 0.91</u>	<u>\$ 2.56</u>	<u>\$ 2.62</u>
Weighted average shares - basic.....	<u>78,516</u>	<u>79,135</u>	<u>78,636</u>	<u>79,188</u>
Net income per share - diluted.....	<u>\$ 0.86</u>	<u>\$ 0.91</u>	<u>\$ 2.54</u>	<u>\$ 2.60</u>
Weighted average shares - diluted.....	<u>78,864</u>	<u>79,655</u>	<u>79,207</u>	<u>79,834</u>

Non-GAAP Financial Measures

Net income as reported.....	\$ 68,178	\$ 72,336	\$ 201,083	\$ 207,469
Stock-based compensation expense (4).....	27,861	23,537	82,181	69,005
Amortization of purchased intangible assets (5).....	1,032	1,894	3,098	3,233
Acquisition-related charges (5).....	-	-	-	750
Tax effects related to above items.....	(8,650)	(7,191)	(22,576)	(20,530)
Net income excluding stock-based compensation, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 88,421</u>	<u>\$ 90,576</u>	<u>\$ 263,786</u>	<u>\$ 259,927</u>
Net income per share excluding stock-based compensation, amortization of purchased intangible assets and acquisition-related charges (non-GAAP) - diluted.....	<u>\$ 1.12</u>	<u>\$ 1.14</u>	<u>\$ 3.33</u>	<u>\$ 3.26</u>
Weighted average shares - diluted.....	<u>78,864</u>	<u>79,655</u>	<u>79,207</u>	<u>79,834</u>

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 2,966	\$ 2,706	\$ 8,860	\$ 7,828
Sales and marketing.....	10,259	8,537	31,533	26,945
Research and development.....	8,966	7,504	25,030	19,840
General and administrative.....	5,670	4,790	16,758	14,392
	<u>\$ 27,861</u>	<u>\$ 23,537</u>	<u>\$ 82,181</u>	<u>\$ 69,005</u>

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

Cost of net revenues.....	\$ 957	\$ 1,704	\$ 2,873	\$ 2,903
Sales and marketing.....	75	190	225	330
	<u>\$ 1,032</u>	<u>\$ 1,894</u>	<u>\$ 3,098</u>	<u>\$ 3,233</u>

(3) Includes acquisition-related charges as follows:

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