

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

	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net revenues				
Products.....	\$ 212,291	\$ 209,718	\$ 798,856	\$ 818,555
Services.....	183,038	152,841	682,458	558,692
Total.....	<u>395,329</u>	<u>362,559</u>	<u>1,481,314</u>	<u>1,377,247</u>
Cost of net revenues (1)(2)				
Products.....	35,151	35,752	129,066	137,102
Services.....	31,792	26,929	123,981	99,066
Total.....	<u>66,943</u>	<u>62,681</u>	<u>253,047</u>	<u>236,168</u>
Gross Profit.....	<u>328,386</u>	<u>299,878</u>	<u>1,228,267</u>	<u>1,141,079</u>
Operating expenses (1)(2)(3)				
Sales and marketing.....	119,836	116,298	483,041	445,595
Research and development.....	54,464	47,731	209,614	177,406
General and administrative.....	26,512	24,015	102,401	91,775
Loss on facility sublease.....	2,393	-	2,393	-
Total.....	<u>203,205</u>	<u>188,044</u>	<u>797,449</u>	<u>714,776</u>
Income from operations.....	125,181	111,834	430,818	426,303
Other income, net.....	732	909	7,274	5,911
Income before income taxes.....	125,913	112,743	438,092	432,214
Provision for income taxes.....	49,682	45,026	160,778	157,028
Net Income.....	<u>\$ 76,231</u>	<u>\$ 67,717</u>	<u>\$ 277,314</u>	<u>\$ 275,186</u>
Net income per share - basic.....	<u>\$ 0.97</u>	<u>\$ 0.86</u>	<u>\$ 3.53</u>	<u>\$ 3.48</u>
Weighted average shares - basic.....	<u>78,353</u>	<u>78,980</u>	<u>78,565</u>	<u>79,135</u>
Net income per share - diluted.....	<u>\$ 0.97</u>	<u>\$ 0.85</u>	<u>\$ 3.50</u>	<u>\$ 3.45</u>
Weighted average shares - diluted.....	<u>78,674</u>	<u>79,425</u>	<u>79,136</u>	<u>79,780</u>

**Non-GAAP Financial Measures**

Net income as reported.....	\$ 76,231	\$ 67,717	\$ 277,314	\$ 275,186
Stock-based compensation expense (4).....	22,031	26,343	104,212	95,348
Amortization of purchased intangible assets (5).....	1,033	1,610	4,131	4,843
Acquisition-related charges (5).....	-	-	-	750
Loss on facility sublease.....	2,393	-	2,393	-
Tax effects related to above items.....	(2,538)	(6,965)	(25,114)	(27,495)
Net income excluding stock-based compensation, amortization of purchased intangible assets, acquisition-related charges and loss on facility sublease (non-GAAP) - diluted.....	<u>\$ 99,150</u>	<u>\$ 88,705</u>	<u>\$ 362,936</u>	<u>\$ 348,632</u>
Net income per share excluding stock-based compensation, amortization of purchased intangible assets, acquisition-related charges and loss on facility sublease (non-GAAP) - diluted.....	<u>\$ 1.26</u>	<u>\$ 1.12</u>	<u>\$ 4.59</u>	<u>\$ 4.37</u>
Weighted average shares - diluted.....	<u>78,674</u>	<u>79,425</u>	<u>79,136</u>	<u>79,780</u>

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 2,258	\$ 3,082	\$ 11,118	\$ 10,910
Sales and marketing.....	7,945	10,043	39,478	36,988
Research and development.....	7,638	8,036	32,668	27,876
General and administrative.....	4,190	5,182	20,948	19,574
Total.....	<u>\$ 22,031</u>	<u>\$ 26,343</u>	<u>\$ 104,212</u>	<u>\$ 95,348</u>

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

Cost of net revenues.....	\$ 958	\$ 1,458	\$ 3,831	\$ 4,361
Sales and marketing.....	75	152	300	482
Total.....	<u>\$ 1,033</u>	<u>\$ 1,610</u>	<u>\$ 4,131</u>	<u>\$ 4,843</u>

(3) Includes acquisition-related charges as follows:

General and administrative.....	\$ -	\$ -	\$ -	\$ 750
Total.....	<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