

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2014	2013	2014	2013
Net revenues				
Products.....	\$ 255,461	\$ 212,291	\$ 936,130	\$ 798,856
Services.....	209,805	183,038	795,916	682,458
Total.....	<u>465,266</u>	<u>395,329</u>	<u>1,732,046</u>	<u>1,481,314</u>
Cost of net revenues (1)(2)				
Products.....	43,351	35,151	158,788	129,066
Services.....	38,601	31,792	151,171	123,981
Total.....	<u>81,952</u>	<u>66,943</u>	<u>309,959</u>	<u>253,047</u>
Gross Profit.....	<u>383,314</u>	<u>328,386</u>	<u>1,422,087</u>	<u>1,228,267</u>
Operating expenses (1)(2)				
Sales and marketing.....	143,284	119,836	558,284	483,041
Research and development.....	65,401	54,464	263,792	209,614
General and administrative.....	27,148	26,512	106,454	102,401
Loss on facility sublease.....	-	2,393	-	2,393
Total.....	<u>235,833</u>	<u>203,205</u>	<u>928,530</u>	<u>797,449</u>
Income from operations.....	147,481	125,181	493,557	430,818
Other income, net.....	2,323	732	3,785	7,274
Income before income taxes.....	<u>149,804</u>	<u>125,913</u>	<u>497,342</u>	<u>438,092</u>
Provision for income taxes.....	55,783	49,682	186,159	160,778
Net Income.....	<u>\$ 94,021</u>	<u>\$ 76,231</u>	<u>\$ 311,183</u>	<u>\$ 277,314</u>
Net income per share - basic.....	<u>\$ 1.27</u>	<u>\$ 0.97</u>	<u>\$ 4.13</u>	<u>\$ 3.53</u>
Weighted average shares - basic.....	<u>73,817</u>	<u>78,353</u>	<u>75,395</u>	<u>78,565</u>
Net income per share - diluted.....	<u>\$ 1.26</u>	<u>\$ 0.97</u>	<u>\$ 4.09</u>	<u>\$ 3.50</u>
Weighted average shares - diluted.....	<u>74,366</u>	<u>78,674</u>	<u>76,092</u>	<u>79,136</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 94,021	\$ 76,231	\$ 311,183	\$ 277,314
Stock-based compensation expense (3).....	25,159	22,031	127,156	104,212
Amortization of purchased intangible assets.....	3,147	1,033	9,488	4,131
Loss on facility sublease.....	-	2,393	-	2,393
Tax effects related to above items.....	(5,585)	(2,538)	(34,859)	(25,114)
Net income excluding stock-based compensation, amortization of purchased intangible assets and loss on facility sublease (non-GAAP) - diluted.....	<u>\$ 116,742</u>	<u>\$ 99,150</u>	<u>\$ 412,968</u>	<u>\$ 362,936</u>
Net income per share excluding stock-based compensation, amortization of purchased intangible assets and loss on facility sublease (non-GAAP) - diluted.....	<u>\$ 1.57</u>	<u>\$ 1.26</u>	<u>\$ 5.43</u>	<u>\$ 4.59</u>
Weighted average shares - diluted.....	<u>74,366</u>	<u>78,674</u>	<u>76,092</u>	<u>79,136</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 2,591	\$ 2,258	\$ 13,985	\$ 11,118
Sales and marketing.....	9,521	7,945	50,091	39,478
Research and development.....	9,029	7,638	43,633	32,668
General and administrative.....	4,018	4,190	19,447	20,948
	<u>\$ 25,159</u>	<u>\$ 22,031</u>	<u>\$ 127,156</u>	<u>\$ 104,212</u>
(2) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 2,651	\$ 958	\$ 7,890	\$ 3,831
Sales and marketing.....	496	75	1,598	300
	<u>\$ 3,147</u>	<u>\$ 1,033</u>	<u>\$ 9,488</u>	<u>\$ 4,131</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 ("FASB ASC Topic 718")