

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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net revenues				
Products.....	\$ 248,767	\$ 236,933	\$ 733,820	\$ 680,669
Services.....	234,819	203,352	684,702	586,111
Total.....	<u>483,586</u>	<u>440,285</u>	<u>1,418,522</u>	<u>1,266,780</u>
Cost of net revenues (1)(2)				
Products.....	44,050	40,387	129,720	115,437
Services.....	41,609	39,075	117,883	112,570
Total.....	<u>85,659</u>	<u>79,462</u>	<u>247,603</u>	<u>228,007</u>
Gross profit.....	<u>397,927</u>	<u>360,823</u>	<u>1,170,919</u>	<u>1,038,773</u>
Operating expenses (1)(2)				
Sales and marketing.....	150,833	139,945	450,887	415,000
Research and development.....	74,337	67,026	218,918	198,391
General and administrative.....	32,627	27,773	95,814	79,306
Total.....	<u>257,797</u>	<u>234,744</u>	<u>765,619</u>	<u>692,697</u>
Income from operations.....	140,130	126,079	405,300	346,076
Other income, net.....	720	1,193	6,580	1,462
Income before income taxes.....	<u>140,850</u>	<u>127,272</u>	<u>411,880</u>	<u>347,538</u>
Provision for income taxes.....	47,678	47,799	143,903	130,376
Net Income.....	<u>\$ 93,172</u>	<u>\$ 79,473</u>	<u>\$ 267,977</u>	<u>\$ 217,162</u>
Net income per share - basic.....	<u>\$ 1.30</u>	<u>\$ 1.06</u>	<u>\$ 3.70</u>	<u>\$ 2.86</u>
Weighted average shares - basic.....	<u>71,509</u>	<u>74,812</u>	<u>72,370</u>	<u>75,926</u>
Net income per share - diluted.....	<u>\$ 1.29</u>	<u>\$ 1.05</u>	<u>\$ 3.67</u>	<u>\$ 2.84</u>
Weighted average shares - diluted.....	<u>71,957</u>	<u>75,369</u>	<u>72,937</u>	<u>76,581</u>
<b>Non-GAAP Financial Measures</b>				
Net income as reported.....	\$ 93,172	\$ 79,473	\$ 267,977	\$ 217,162
Stock-based compensation expense (3).....	36,517	31,833	103,919	101,997
Amortization of purchased intangible assets.....	3,359	2,172	9,822	6,341
Tax effects related to above items.....	(12,862)	(8,912)	(32,047)	(29,274)
Net income excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 120,186</u>	<u>\$ 104,566</u>	<u>\$ 349,671</u>	<u>\$ 296,226</u>
Net income per share excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 1.67</u>	<u>\$ 1.39</u>	<u>\$ 4.79</u>	<u>\$ 3.87</u>
Weighted average shares - diluted.....	<u>71,957</u>	<u>75,369</u>	<u>72,937</u>	<u>76,581</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 3,740	\$ 3,522	\$ 10,497	\$ 11,394
Sales and marketing.....	14,775	12,350	42,762	40,570
Research and development.....	11,867	10,976	34,500	34,604
General and administrative.....	6,135	4,985	16,160	15,429
Total.....	<u>\$ 36,517</u>	<u>\$ 31,833</u>	<u>\$ 103,919</u>	<u>\$ 101,997</u>
(2) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 2,651	\$ 1,786	\$ 7,968	\$ 5,239
Sales and marketing.....	486	386	1,459	1,102
General and administrative.....	222	-	395	-
Total.....	<u>\$ 3,359</u>	<u>\$ 2,172</u>	<u>\$ 9,822</u>	<u>\$ 6,341</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")