

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

	Three months ended December 31, 2015	Three months ended September 30, 2015	Three months ended December 31, 2014
Net revenues			
Products.....	\$ 234,678	\$ 257,719	\$ 240,937
Services.....	254,808	243,582	221,856
Total.....	<u>489,486</u>	<u>501,301</u>	<u>462,793</u>
Cost of net revenues (1)(2)			
Products.....	42,651	44,505	42,070
Services.....	43,032	40,153	37,278
Total.....	<u>85,683</u>	<u>84,658</u>	<u>79,348</u>
Gross profit.....	<u>403,803</u>	<u>416,643</u>	<u>383,445</u>
Operating expenses (1)(2)			
Sales and marketing.....	157,456	151,653	148,816
Research and development.....	81,145	77,665	70,060
General and administrative.....	34,253	39,726	32,254
Total.....	<u>272,854</u>	<u>269,044</u>	<u>251,130</u>
Income from operations.....	130,949	147,599	132,315
Other income, net.....	1,135	1,865	2,594
Income before income taxes.....	132,084	149,464	134,909
Provision for income taxes.....	42,368	52,427	45,833
Net Income.....	<u>\$ 89,716</u>	<u>\$ 97,037</u>	<u>\$ 89,076</u>
Net income per share - basic.....	<u>\$ 1.29</u>	<u>\$ 1.37</u>	<u>\$ 1.21</u>
Weighted average shares - basic.....	<u>69,554</u>	<u>70,679</u>	<u>73,350</u>
Net income per share - diluted.....	<u>\$ 1.28</u>	<u>\$ 1.36</u>	<u>\$ 1.21</u>
Weighted average shares - diluted.....	<u>69,878</u>	<u>71,098</u>	<u>73,857</u>
Non-GAAP Financial Measures			
Net income as reported.....	\$ 89,716	\$ 97,037	\$ 89,076
Stock-based compensation expense (3).....	38,233	41,634	30,625
Amortization of purchased intangible assets.....	3,403	3,409	3,149
Tax effects related to above items.....	(10,788)	(11,414)	(8,629)
Net income excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 120,564</u>	<u>\$ 130,666</u>	<u>\$ 114,221</u>
Net income per share excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 1.73</u>	<u>\$ 1.84</u>	<u>\$ 1.55</u>
Weighted average shares - diluted.....	<u>69,878</u>	<u>71,098</u>	<u>73,857</u>
(1) Includes stock-based compensation as follows:			
Cost of net revenues.....	\$ 4,435	\$ 3,723	\$ 2,931
Sales and marketing.....	14,875	13,992	12,627
Research and development.....	12,830	11,629	10,440
General and administrative.....	6,093	12,290	4,627
Total.....	<u>\$ 38,233</u>	<u>\$ 41,634</u>	<u>\$ 30,625</u>
(2) Includes amortization of purchased intangible assets as follows:			
Cost of net revenues.....	\$ 2,667	\$ 2,682	\$ 2,651
Sales and marketing.....	486	487	486
General and administrative.....	250	240	12
Total.....	<u>\$ 3,403</u>	<u>\$ 3,409</u>	<u>\$ 3,149</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")