

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Net revenues				
Products.....	\$ 231,366	\$ 248,767	\$ 691,485	\$ 733,820
Services.....	265,156	234,819	778,200	684,702
Total.....	<u>496,522</u>	<u>483,586</u>	<u>1,469,685</u>	<u>1,418,522</u>
Cost of net revenues (1)(2)				
Products.....	40,474	44,050	123,033	129,720
Services.....	43,869	41,609	129,223	117,883
Total.....	<u>84,343</u>	<u>85,659</u>	<u>252,256</u>	<u>247,603</u>
Gross profit.....	<u>412,179</u>	<u>397,927</u>	<u>1,217,429</u>	<u>1,170,919</u>
Operating expenses (1)(2)				
Sales and marketing.....	156,620	150,833	470,545	450,887
Research and development.....	83,042	74,337	250,481	218,918
General and administrative.....	34,182	32,627	103,238	95,814
Litigation expense.....	(527)	-	8,421	-
Total.....	<u>273,317</u>	<u>257,797</u>	<u>832,685</u>	<u>765,619</u>
Income from operations.....	138,862	140,130	384,744	405,300
Other income, net.....	978	720	2,246	6,580
Income before income taxes.....	139,840	140,850	386,990	411,880
Provision for income taxes.....	48,051	47,678	130,070	143,903
Net Income.....	<u>\$ 91,789</u>	<u>\$ 93,172</u>	<u>\$ 256,920</u>	<u>\$ 267,977</u>
Net income per share - basic.....	<u>\$ 1.37</u>	<u>\$ 1.30</u>	<u>\$ 3.78</u>	<u>\$ 3.70</u>
Weighted average shares - basic.....	<u>66,851</u>	<u>71,509</u>	<u>67,990</u>	<u>72,370</u>
Net income per share - diluted.....	<u>\$ 1.37</u>	<u>\$ 1.29</u>	<u>\$ 3.75</u>	<u>\$ 3.67</u>
Weighted average shares - diluted.....	<u>67,235</u>	<u>71,957</u>	<u>68,429</u>	<u>72,937</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 91,789	\$ 93,172	\$ 256,920	\$ 267,977
Stock-based compensation expense (3).....	38,437	36,517	118,443	103,919
Amortization of purchased intangible assets.....	3,518	3,359	10,440	9,822
Litigation expense.....	(527)	-	8,421	-
Tax effects related to above items.....	(11,515)	(12,862)	(37,952)	(32,047)
Net income excluding stock-based compensation expense, amortization of purchased intangible assets and litigation expense (non-GAAP) - diluted.....	<u>\$ 121,702</u>	<u>\$ 120,186</u>	<u>\$ 356,272</u>	<u>\$ 349,671</u>
Net income per share excluding stock-based compensation expense, amortization of purchased intangible assets and litigation expense (non-GAAP) - diluted.....	<u>\$ 1.81</u>	<u>\$ 1.67</u>	<u>\$ 5.21</u>	<u>\$ 4.79</u>
Weighted average shares - diluted.....	<u>67,235</u>	<u>71,957</u>	<u>68,429</u>	<u>72,937</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 4,643	\$ 3,740	\$ 13,929	\$ 10,497
Sales and marketing.....	15,130	14,775	45,962	42,762
Research and development.....	12,987	11,867	39,601	34,500
General and administrative.....	5,677	6,135	18,951	16,160
Total.....	<u>\$ 38,437</u>	<u>\$ 36,517</u>	<u>\$ 118,443</u>	<u>\$ 103,919</u>
(2) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 2,666	\$ 2,651	\$ 7,999	\$ 7,968
Sales and marketing.....	486	486	1,459	1,459
General and administrative.....	366	222	982	395
Total.....	<u>\$ 3,518</u>	<u>\$ 3,359</u>	<u>\$ 10,440</u>	<u>\$ 9,822</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")