

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

	Three months ended December 31, 2016	Three months ended September 30, 2016	Three months ended December 31, 2015
Net revenues			
Products.....	\$ 239,483	\$ 252,984	\$ 234,678
Services.....	276,475	272,365	254,808
Total.....	<u>515,958</u>	<u>525,349</u>	<u>489,486</u>
Cost of net revenues (1)(2)			
Products.....	41,676	43,591	42,651
Services.....	43,586	41,358	43,032
Total.....	<u>85,262</u>	<u>84,949</u>	<u>85,683</u>
Gross profit.....	<u>430,696</u>	<u>440,400</u>	<u>403,803</u>
Operating expenses (1)(2)			
Sales and marketing.....	164,514	158,198	157,456
Research and development.....	87,050	83,746	81,145
General and administrative.....	41,678	35,193	34,253
Litigation expense.....	-	630	-
Total.....	<u>293,242</u>	<u>277,767</u>	<u>272,854</u>
Income from operations.....	137,454	162,633	130,949
Other income, net.....	2,643	268	1,135
Income before income taxes.....	<u>140,097</u>	<u>162,901</u>	<u>132,084</u>
Provision for income taxes.....	45,879	53,966	42,368
Net Income.....	<u>\$ 94,218</u>	<u>\$ 108,935</u>	<u>\$ 89,716</u>
Net income per share - basic.....	<u>\$ 1.45</u>	<u>\$ 1.66</u>	<u>\$ 1.29</u>
Weighted average shares - basic.....	<u>65,195</u>	<u>65,772</u>	<u>69,554</u>
Net income per share - diluted.....	<u>\$ 1.44</u>	<u>\$ 1.64</u>	<u>\$ 1.28</u>
Weighted average shares - diluted.....	<u>65,645</u>	<u>66,262</u>	<u>69,878</u>
Non-GAAP Financial Measures			
Net income as reported.....	\$ 94,218	\$ 108,935	\$ 89,716
Stock-based compensation expense (3).....	46,611	38,317	38,233
Amortization of purchased intangible assets.....	3,403	3,462	3,403
Litigation expense.....	-	630	-
Tax effects related to above items.....	(13,966)	(11,433)	(10,788)
Net income excluding stock-based compensation expense, amortization of purchased intangible assets and litigation expense (non-GAAP) - diluted.....	<u>\$ 130,266</u>	<u>\$ 139,911</u>	<u>\$ 120,564</u>
Net income per share excluding stock-based compensation expense, amortization of purchased intangible assets and litigation expense (non-GAAP) - diluted.....	<u>\$ 1.98</u>	<u>\$ 2.11</u>	<u>\$ 1.73</u>
Weighted average shares - diluted.....	<u>65,645</u>	<u>66,262</u>	<u>69,878</u>
(1) Includes stock-based compensation as follows:			
Cost of net revenues.....	\$ 5,217	\$ 4,601	\$ 4,435
Sales and marketing.....	17,050	15,203	14,875
Research and development.....	13,932	12,949	12,830
General and administrative.....	10,412	5,564	6,093
Total.....	<u>\$ 46,611</u>	<u>\$ 38,317</u>	<u>\$ 38,233</u>
(2) Includes amortization of purchased intangible assets as follows:			
Cost of net revenues.....	\$ 2,785	\$ 2,706	\$ 2,667
Sales and marketing.....	252	391	486
General and administrative.....	366	365	250
Total.....	<u>\$ 3,403</u>	<u>\$ 3,462</u>	<u>\$ 3,403</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")			