

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

	Three months ended December 31, 2010	Three months ended September 30, 2010	Three months ended December 31, 2009
Net revenues			
Products.....	\$ 171,492	\$ 164,972	\$ 119,218
Services.....	97,442	89,302	71,938
Total.....	<u>268,934</u>	<u>254,274</u>	<u>191,156</u>
Cost of net revenues (1)			
Products.....	31,614	31,045	26,042
Services.....	17,349	15,783	13,087
Total.....	<u>48,963</u>	<u>46,828</u>	<u>39,129</u>
Gross Profit.....	<u>219,971</u>	<u>207,446</u>	<u>152,027</u>
Operating expenses (1)			
Sales and marketing.....	86,825	80,696	65,642
Research and development.....	32,606	31,571	26,720
General and administrative.....	20,684	18,876	15,953
Total.....	<u>140,115</u>	<u>131,143</u>	<u>108,315</u>
Income from operations.....	79,856	76,303	43,712
Other income, net.....	2,545	68	1,705
Income before income taxes.....	82,401	76,371	45,417
Provision for income taxes (1).....	26,738	28,136	16,138
Net Income.....	<u>\$ 55,663</u>	<u>\$ 48,235</u>	<u>\$ 29,279</u>
Net income per share - basic.....	<u>\$ 0.69</u>	<u>\$ 0.60</u>	<u>\$ 0.37</u>
Weighted average shares - basic.....	<u>80,644</u>	<u>80,268</u>	<u>78,906</u>
Net income per share - diluted.....	<u>\$ 0.68</u>	<u>\$ 0.59</u>	<u>\$ 0.36</u>
Weighted average shares - diluted.....	<u>81,648</u>	<u>81,253</u>	<u>80,333</u>
Non-GAAP Financial Measures			
Net income as reported.....	\$ 55,663	\$ 48,235	\$ 29,279
Stock-based compensation expense, net of tax (3).....	16,536	14,702	12,130
Legal settlement, net of tax (2).....	-	950	-
Net income excluding stock-based compensation expense & legal settlement (non-GAAP).....	<u>\$ 72,199</u>	<u>\$ 63,887</u>	<u>\$ 41,409</u>
Net income per share excluding stock-based compensation expense & legal settlement (non-GAAP) - diluted.....	<u>\$ 0.88</u>	<u>\$ 0.79</u>	<u>\$ 0.52</u>
Weighted average shares - diluted.....	<u>81,648</u>	<u>81,253</u>	<u>80,333</u>
(1) Includes stock-based compensation as follows:			
Cost of net revenues.....	\$ 2,228	\$ 2,002	\$ 1,599
Sales and marketing.....	8,733	7,565	6,717
Research and development.....	5,888	5,224	4,869
General and administrative.....	6,091	4,991	3,879
Tax effect of stock-based compensation.....	(6,404)	(5,080)	(4,934)
	<u>\$ 16,536</u>	<u>\$ 14,702</u>	<u>\$ 12,130</u>
(2) Includes legal settlement as follows:			
Legal settlement.....	\$ -	\$ 1,500	\$ -
Tax effect of legal settlement.....	-	(550)	-
	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ -</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")