

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2011	2010	2011	2010
Net revenues				
Products.....	\$ 197,446	\$ 164,972	\$ 721,975	\$ 561,142
Services.....	117,169	89,302	429,859	320,830
Total.....	<u>314,615</u>	<u>254,274</u>	<u>1,151,834</u>	<u>881,972</u>
Cost of net revenues (1)				
Products.....	34,485	31,045	129,325	113,834
Services.....	21,435	15,783	78,679	58,118
Total.....	<u>55,920</u>	<u>46,828</u>	<u>208,004</u>	<u>171,952</u>
Gross Profit.....	<u>258,695</u>	<u>207,446</u>	<u>943,830</u>	<u>710,020</u>
Operating expenses (1)				
Sales and marketing.....	100,945	80,696	370,735	293,201
Research and development.....	36,552	31,571	138,910	118,314
General and administrative.....	21,867	18,876	83,523	68,503
Total.....	<u>159,364</u>	<u>131,143</u>	<u>593,168</u>	<u>480,018</u>
Income from operations.....	99,331	76,303	350,662	230,002
Other income, net.....	4,087	68	10,089	7,625
Income before income taxes.....	<u>103,418</u>	<u>76,371</u>	<u>360,751</u>	<u>237,627</u>
Provision for income taxes (1).....	35,808	28,136	119,354	86,474
Net Income.....	<u>\$ 67,610</u>	<u>\$ 48,235</u>	<u>\$ 241,397</u>	<u>\$ 151,153</u>
Net income per share - basic.....	<u>\$ 0.84</u>	<u>\$ 0.60</u>	<u>\$ 2.99</u>	<u>\$ 1.90</u>
Weighted average shares - basic.....	<u>80,317</u>	<u>80,268</u>	<u>80,658</u>	<u>79,609</u>
Net income per share - diluted.....	<u>\$ 0.84</u>	<u>\$ 0.59</u>	<u>\$ 2.96</u>	<u>\$ 1.86</u>
Weighted average shares - diluted.....	<u>80,766</u>	<u>81,253</u>	<u>81,482</u>	<u>81,049</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 67,610	\$ 48,235	\$ 241,397	\$ 151,153
Stock-based compensation expense, net of tax (3).....	17,635	14,702	66,912	51,675
Legal settlement, net of tax (2).....	-	950	-	950
Net income excluding stock-based compensation & legal settlement (non-GAAP).....	<u>\$ 85,245</u>	<u>\$ 63,887</u>	<u>\$ 308,309</u>	<u>\$ 203,778</u>
Net income per share excluding stock-based compensation & legal settlement (non-GAAP) - diluted.....	<u>\$ 1.06</u>	<u>\$ 0.79</u>	<u>\$ 3.78</u>	<u>\$ 2.51</u>
Weighted average shares - diluted.....	<u>80,766</u>	<u>81,253</u>	<u>81,482</u>	<u>81,049</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 2,565	\$ 2,002	\$ 9,358	\$ 7,063
Sales and marketing.....	8,756	7,565	34,682	27,250
Research and development.....	5,913	5,224	23,312	19,421
General and administrative.....	4,900	4,991	22,395	17,039
Tax effect of stock-based compensation.....	(4,499)	(5,080)	(22,835)	(19,098)
	<u>\$ 17,635</u>	<u>\$ 14,702</u>	<u>\$ 66,912</u>	<u>\$ 51,675</u>
(2) Includes legal settlement as follows:				
Legal settlement.....	\$ -	\$ 1,500	\$ -	\$ 1,500
Tax effect of legal settlement.....	-	(550)	-	(550)
	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 950</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")