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

		Years I Septem		Three Months Ended September 30,				
Products	2017				2017		•	
Products								
Services   306,207   289,006   1,201,209	964,662	œ	060 109	¢	249 000	e.	256 412	œ
Total		Ф		Ф		Ф		Ф
Cost of net revenues (1)(2)   Products	1,125,379 2,090,041				,			
Products	2,090,041		2,101,407		337,990		302,709	
Services								
Total. 93.440 90.541 361.481 Gross Profits. 868.268 447.457 17.99.926	176,032		181,061		46,641		48,505	
Gross Profit.    469,269	177,453		180,420		43,900		44,935	
Sales and marketing   160,425   162,068   664,135   Sales and marketing   160,425   160,382   160,	353,485		361,481		90,541		93,440	
Sales and marketing	1,736,556		1,799,926		447,457		469,269	
Sales and marketing								
Research and development	652,239		664.135		162.068		160.425	
Ceneral and administrative.	350,365							
Litigation expense.	156,887							
Restructuring charges	391		-				-	
Total	12,718		18.426				18.426	
Other income, net.         5,667         5,027         12,861           Income before income taxes.         159,259         153,862         603,760           Provision for income taxes.         26,378         18,119         150,071           Net income.         \$ 132,881         \$ 135,743         \$ 453,689         \$           Net income per share - basic.         60,462         63,088         61,262           Weighted average shares - basic.         60,462         63,088         61,262           Net income per share - diluted.         \$ 2,18         \$ 2,14         \$ 7,32         \$           Weighted average shares - diluted.         \$ 132,881         \$ 135,743         \$ 453,689         \$           Non-GAAP Financial Measures         S         2.18         \$ 2,14         \$ 7,32         \$           Net income as reported.         \$ 132,881         \$ 135,743         \$ 453,689         \$           Not income as reported.         \$ 132,881         \$ 135,743         \$ 453,689         \$           Stock-based compensation expense (3).         36,484         41,586         157,855         Amortization of purchased intangible assets.         2,667         2,788         11,080         Litigation expenses.         2,667         2,788         11,080         Litig	1,172,600							
Other income, net.         5,667         5,027         12,861           Income before income taxes.         159,259         153,862         603,760           Provision for income taxes.         26,378         18,119         150,071           Net income.         \$ 132,881         \$ 135,743         \$ 453,689         \$           Net income per share - basic.         60,462         63,088         61,262           Weighted average shares - basic.         60,462         63,088         61,262           Net income per share - diluted.         \$ 2,18         \$ 2,14         \$ 7,32         \$           Weighted average shares - diluted.         \$ 132,881         \$ 135,743         \$ 453,689         \$           Non-GAAP Financial Measures         Not income as reported.         \$ 132,881         \$ 135,743         \$ 453,689         \$           Net income as reported.         \$ 36,484         \$ 135,743         \$ 453,689         \$         \$           Not-GAAP Financial Measures         \$ 132,881         \$ 135,743         \$ 453,689         \$         \$           Not income as reported.         \$ 132,881         \$ 135,743         \$ 453,689         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$					.,		-1-	
159,259   153,862   603,760	563,956							
Provision for income taxes.   28,378   18,119   150,071     Net Income.   \$ 132,881   \$ 135,743   \$ 453,689   \$     Net income per share - basic.   \$ 2.20   \$ 2.15   \$ 7.41   \$     Weighted average shares - basic.   60,462   63,088   61,262     Net income per share - diluted.   \$ 2.18   \$ 2.14   \$ 7,32   \$     Weighted average shares - diluted.   \$ 2.18   \$ 2.14   \$ 7,32   \$     Weighted average shares - diluted.   \$ 132,881   \$ 135,743   \$ 453,689   \$     Stock-based compensation expense (3).   \$ 453,689   \$     Stock-based compensation expense (3).   \$ 36,848   41,566   157,655   \$     Amortization of purchased intangible assets.   \$ 2,667   2,788   11,080     Litigation expense.   \$ 2,667   2,788   11,080     Litigation expense.   \$ 2,667   2,788   11,080     Litigation expense.   \$ 12,281   12,718   18,466     Facility exit costs.   \$ 2,514   \$ 2,514     Cain on sale of patent.   \$ (534)   \$ 2,514     Cara effects related to above lems   \$ (15,769)   (17,472)   (49,557)     Non-recurring foreign tax credit benefit.   \$ 2,00   \$ (21,000)   \$ 1,584     Tax on deemed repatriation of undistributed foreign earnings.   \$ 17,033   \$ 154,888   \$ 612,057   \$     Net income excluding stock-based compensation expense, amortization of purchased intangible assets, litigation expense, restructuring charges, facility exit costs, gain on sale of patent and a non-recurring foreign tax credit benefit (non-GAAP) - diluted.   \$ 2,90   \$ 2,44   \$ 9,87   \$	11,561							
Net income per share - basic   \$ 2.20   \$ 2.15   \$ 7.41   \$ 2	575,517				153,862		159,259	
Net income per share - basic   \$ 2.20   \$ 2.15   \$ 7.41   \$	154,756							_
Net income per share - diluted.   \$ 2.18   \$ 2.14   \$ 7.32   \$ 1.00	420,761	\$	453,689	\$	135,743	\$	132,881	. \$
Net income per share - diluted.   \$ 2.18   \$ 2.14   \$ 7.32   \$ 1.00								
Net income per share - diluted. \$ 2.18 \$ 2.14 \$ 7.32 \$ Weighted average shares - diluted. \$ 61,070 \$ 63,446 \$ 62,013 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6.56	\$	7.41	\$	2.15	\$	2.20	. \$
Non-GAAP Financial Measures   Stock-based compensation expense (3)   36,848   41,586   157,855   47,000   41,586   42,013   453,689   41,586   41	64,173		61,262		63,088		60,462	
Non-GAAP Financial Measures   Stock-based compensation expense (3)	6.50	¢.	7 22	¢	2.14	¢	2.10	œ
Non-GAAP Financial Measures  Net income as reported	64,775	Φ		Ψ		<u> </u>		. <u> </u>
Amortization of purchased intangible assets	420,761 175,326	\$		\$		\$		
Litigation expense	12,271							
Restructuring charges	391		-				_,	
Facility exit costs	12,718		18.426				18.426	
Gain on sale of patent	-				-			
Non-recurring foreign tax credit benefit.  - (21,000) - 7,000 Remeasurement of net deferred tax assets due to change in U.S. tax rate 11,584  Net income excluding stock-based compensation expense, amortization of purchased intangible assets, litigation expenses and benefits (non-GAAP) - diluted.  Net income per share excluding stock-based compensation expense, restructuring charges, facility exit costs, gain on of purchased intangible assets, litigation expenses and benefits (non-GAAP) - diluted.  Net income per share excluding stock-based compensation expense, amortization of purchased intangible assets, litigation expense, restructuring charges, facility exit costs, gain on sale of patent and a non-recurring foreign tax credit benefit (non-GAAP) - diluted.  2.90 2.44 9.87  Seminary of 21,000 11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584  11,584	-				-			
Tax on deemed repatriation of undistributed foreign earnings	(57,532)		(49,557)		(17,472)		(15,769)	
Remeasurement of net deferred tax assets due to change in U.S. tax rate	(21,000)		-		(21,000)		-	
Net income excluding stock-based compensation expense, amortization of purchased intangible assets, litigation expense, restructuring charges, facility exit costs, gain on sale of patent and non-recurring tax expenses and benefits (non-GAAP) - diluted	-		7,000		-		-	
intangible assets, litigation expense, restructuring charges, facility exit costs, gain on sale of patent and non-recurring tax expenses and benefits (non-GAAP) - diluted	-		11,584		-		-	
sale of patent and non-recurring tax expenses and benefits (non-GAAP) - diluted								
Net income per share excluding stock-based compensation expense, amortization of purchased intangible assets, litigation expense, restructuring charges, facility exit costs, gain on sale of patent and a non-recurring foreign tax credit benefit (non-GAAP) - diluted				_				
of purchased intangible assets, litigation expense, restructuring charges, facility exit costs, gain on sale of patent and a non-recurring foreign tax credit benefit (non-GAAP) - diluted	542,935	\$	612,057	\$	154,888	\$	177,033	. \$
of purchased intangible assets, litigation expense, restructuring charges, facility exit costs, gain on sale of patent and a non-recurring foreign tax credit benefit (non-GAAP) - diluted								
gain on sale of patent and a non-recurring foreign tax credit benefit (non-GAAP) - diluted								
Weighted average shares - diluted	8.38	\$	9.87	\$	2.44	\$	2.90	. \$
	64,775		62 013		63 446		61 070	
			1					
(1) Includes stock-based compensation as follows:								
Cost of net revenues	21,435	\$		\$		\$		
Sales and marketing	69,655							
Research and development	53,399							
General and administrative	30,837							
<u>\$ 36,848</u> <u>\$ 41,586</u> <u>\$ 157,855</u> <u>\$</u>	175,326	\$	157,855	\$	41,586	\$	36,848	\$
(2) Includes amortization of purchased intangible assets as follows:								
Cost of net revenues	9,372	\$	7,973	\$	2,027	\$	1,890	. \$
Sales and marketing	1,006							
General and administrative	1,893							
\$ 2,667 \$ 2,788 \$ 11,080 \$	12,271	\$	11,080	\$	2,788	\$	2,667	\$

<sup>(3)</sup> 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")