

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Net revenues				
Products.....	\$ 244,116	\$ 225,135	\$ 485,053	\$ 443,736
Services.....	228,027	194,908	449,883	382,759
Total.....	<u>472,143</u>	<u>420,043</u>	<u>934,936</u>	<u>826,495</u>
Cost of net revenues (1)(2)				
Products.....	43,600	37,806	85,670	75,050
Services.....	38,996	37,856	76,274	73,495
Total.....	<u>82,596</u>	<u>75,662</u>	<u>161,944</u>	<u>148,545</u>
Gross profit.....	<u>389,547</u>	<u>344,381</u>	<u>772,992</u>	<u>677,950</u>
Operating expenses (1)(2)				
Sales and marketing.....	151,238	140,252	300,054	275,055
Research and development.....	74,521	67,232	144,581	131,365
General and administrative.....	30,933	26,033	63,187	51,533
Total.....	<u>256,692</u>	<u>233,517</u>	<u>507,822</u>	<u>457,953</u>
Income from operations.....	132,855	110,864	265,170	219,997
Other income, net.....	3,266	23	5,860	269
Income before income taxes.....	<u>136,121</u>	<u>110,887</u>	<u>271,030</u>	<u>220,266</u>
Provision for income taxes.....	50,392	41,246	96,225	82,577
Net income.....	<u>\$ 85,729</u>	<u>\$ 69,641</u>	<u>\$ 174,805</u>	<u>\$ 137,689</u>
Net income per share - basic.....	<u>\$ 1.19</u>	<u>\$ 0.92</u>	<u>\$ 2.40</u>	<u>\$ 1.80</u>
Weighted average shares - basic.....	<u>72,240</u>	<u>75,508</u>	<u>72,801</u>	<u>76,483</u>
Net income per share - diluted.....	<u>\$ 1.18</u>	<u>\$ 0.91</u>	<u>\$ 2.38</u>	<u>\$ 1.79</u>
Weighted average shares - diluted.....	<u>72,711</u>	<u>76,244</u>	<u>73,326</u>	<u>77,086</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 85,729	\$ 69,641	\$ 174,805	\$ 137,689
Stock-based compensation expense (3).....	36,777	35,636	67,402	70,164
Amortization of purchased intangible assets.....	3,314	2,083	6,463	4,169
Tax effects related to above items.....	(10,556)	(10,463)	(19,185)	(20,362)
Net income excluding stock-based compensation expense and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 115,264</u>	<u>\$ 96,897</u>	<u>\$ 229,485</u>	<u>\$ 191,660</u>
Net income per share excluding stock-based compensation expense and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 1.59</u>	<u>\$ 1.27</u>	<u>\$ 3.13</u>	<u>\$ 2.49</u>
Weighted average shares - diluted.....	<u>72,711</u>	<u>76,244</u>	<u>73,326</u>	<u>77,086</u>
(1) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 3,826	\$ 4,014	\$ 6,757	\$ 7,872
Sales and marketing.....	15,360	14,218	27,987	28,220
Research and development.....	12,193	11,990	22,633	23,628
General and administrative.....	5,398	5,414	10,025	10,444
Total.....	<u>\$ 36,777</u>	<u>\$ 35,636</u>	<u>\$ 67,402</u>	<u>\$ 70,164</u>
(2) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 2,666	\$ 1,726	\$ 5,317	\$ 3,453
Sales and marketing.....	487	357	973	716
General and administrative.....	161	-	173	-
Total.....	<u>\$ 3,314</u>	<u>\$ 2,083</u>	<u>\$ 6,463</u>	<u>\$ 4,169</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")