2015
ANNUAL REPORT

f5

TO OUR SHAREHOLDERS, CUSTOMERS, AND PARTNERS:

F5 achieved a year of solid growth and profitability in fiscal 2015.

1. **Revenue growth:** F5's revenue was $1.92 billion for the year, up 11 percent from fiscal 2014. In comparison, it took us 15 years to get to $1 billion in sales. A mere four years later, in Q4 of fiscal 2015, we exited the year at $501 million in quarterly sales, putting us at a $2 billion run-rate.

2. **Solid profitability:** We achieved record non-GAAP profits of $6.62 per share, equaling 22 percent year-over-year growth. We added 344 employees in fiscal 2015, reaching a total of over 4,100 employees worldwide, while maintaining non-GAAP operating margins above 37 percent.

3. **Strong balance sheet:** Cash flow from operations was $685 million, and after repurchasing approximately $607 million shares of our common stock, we ended the year with $1.2 billion in cash and investments. In addition, our deferred revenue, which consists primarily of service maintenance contracts, grew to more than $783 million, to deliver a healthy revenue stream in the quarters to come. Moreover, we closed the fiscal year with zero debt.

Our results in fiscal 2015 were driven by ongoing customer demand for application delivery services. As the development and use of applications grows, our customers have come to increasingly rely on F5 products and services to deliver fast, secure, and reliable applications to anyone, anywhere, at any time.

The overwhelming majority of our customers are operating in, or planning to deploy, applications in a hybrid environment. They want to run their applications where they run best, including on-premises private data centers and off-premises public clouds. With the latest releases of BIG-IQ in January 2015 and BIG-IP in August 2015, we enable this hybrid model, helping our customers reduce the cost and complexity of managing application delivery services across this dynamic infrastructure. As a result, more than a third of our annual revenue now comes from software sales, and our software-only Virtual Edition sales grew by 99 percent year-over-year.

Security is a major growth area for F5, and in fiscal 2015, approximately 41 percent of our total annual product sales included one or more security products. This represents year-over-year growth of 22 percent, due in large part to our wins in key government, financial services, and service provider accounts.

To expand our security footprint, we have built upon our Synthesis architecture, and Defense.Net and Versafe acquisitions, to offer a hybrid services delivery platform that we call Silverline. Since we launched Silverline in November 2014, we have tripled our customer base by providing distributed denial-of-service (DDoS) protection and a web application firewall service, supported by a team of highly specialized F5 security researchers and analysts in two Security Operations Centers in Seattle, Washington, and Warsaw, Poland. Monitoring and investigating global multi-layer attack activities, these two centers maintain up-to-date information on the latest malware, zero-day, and phishing attacks faced by our customers around the world.

Security issues weigh heavily on the minds of our customers in the service provider industry as well. We made significant progress in the Tier 1 Carrier segment in fiscal 2015, where our Gi LAN, anti-DDoS service, firewall, and application protection capabilities are helping us secure competitive, multi-million dollar, repeat deals. In addition, our service provider customers continue to ensure peak network performance by relying on F5's TCP optimization and advanced traffic steering solutions.

In fiscal 2015, we expanded our business development relationships and forged tighter technology integrations with new go-to-market plans. Building upon our ecosystem of software-defined networking, application provider, service provider, and converged systems partners, we added new partnerships in cloud and security. With our new F5 Ready program, we verified F5 Virtual Edition compatibility with the top public cloud service providers, including Amazon Web Services, Bluelock, British Telecom, Cisco Intercloud, Datacom, Dimension Data, Microsoft Azure, Rackspace, SingleHop, Skytap, and VMware vCloud Air, enabling our customers to run their applications and application services in the cloud environment of their choice. In the quarters ahead, we will continue to expand this program to more regional cloud service providers. On the security front, we recently announced a new global partnership with FireEye to deliver integrated security solutions.
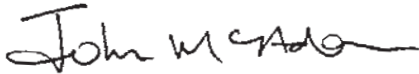
Underpinning our growth overall is the continued strength of our Global Services business. Our high-value customer support team's annual revenue grew 17 percent year-over-year to $928 million. The team's annual customer satisfaction score of 9.3 out of 10 further underscores why F5 was able to secure 23 percent year-over-year growth in deferred revenue, based primarily on new and renewed service maintenance contracts.

As many of you are aware, fiscal 2015 came with the announcement of my retirement as President and CEO. Fiscal 2016 marks my return. While the board undertakes a formal search process to identify my permanent successor, I am totally committed to the business and remain as proud as ever of the company and team that I lead today.

You can see this reflected in the influential Glassdoor Employees' Choice Award we received in fiscal 2015. F5 was ranked fourth out of the top 50 best places to work among large companies in the U.S., and second among tech companies, based upon employee reviews on Glassdoor.com for our career opportunities, compensation, benefits, work-life balance, and senior management, as well as our culture and values.

As President and CEO, I am focusing on aligning our resources with the key drivers of our growth for the long term, while preserving F5's unique culture and values. We are executing against our fiscal 2016 strategy; we have brought on new leadership in HR and worldwide sales; our product development team is extending our core offerings to the cloud and refreshing our BIG-IP appliances; and we continue to expand our footprint in strategic markets including security, software-as-a-service (via Silverline) and service provider, with the support of our world-class Global Services organization.

On behalf of F5's Board of Directors and all our employees, I want to thank you for your continuing confidence in us and the future of F5.

John McAdam
President and Chief Executive Officer, F5 Networks
December 2015

BOARD OF DIRECTORS

Gary Ames
Retired President and Chief Executive Officer,
MediaOne International

Sandra Bergeron
Board Member,
Sophos PLC

Deborah Bevier
Principal, DL Bevier Consulting LLC

Jonathan Chadwick
Executive Vice President and Chief Financial Officer/
Chief Operating Officer, VMware

Michael Dreyer
Chief Operations Officer,
Silicon Valley Bank

Alan Higginson
Chairman of the Board,
Former Chairman, Hubspan, Inc.

Peter Klein
Retired Chief Financial Officer,
Microsoft

John McAdam
President and Chief Executive Officer,
F5 Networks, Inc.

Stephen M. Smith
Chief Executive Officer and President,
Equinix, Inc.

CORPORATE OFFICERS

John McAdam
President and Chief Executive Officer

John DiLullo
Executive Vice President of Worldwide Sales

Kristen Roby Dimlow
Executive Vice President of Human Resources

Julian Eames
Executive Vice President and Chief Operations Officer

Andy Reinland
Executive Vice President and Chief Financial Officer

Scot Rogers
Executive Vice President and General Counsel

Karl Triebes
Executive Vice President of Product Development
and Chief Technical Officer

ABOUT F5 NETWORKS

F5 (NASDAQ: FFIV) provides solutions for an application world. F5 helps organizations seamlessly scale cloud, data center, telecommunications, and software defined networking (SDN) deployments to successfully deliver applications and services to anyone, anywhere, at any time. F5 solutions broaden the reach of IT through an open, extensible framework and a rich partner ecosystem of leading technology and orchestration vendors. This approach lets customers pursue the infrastructure model that best fits their needs over time. The world's largest businesses, service providers, government entities, and consumer brands rely on F5 to stay ahead of cloud, security, and mobility trends. For more information, go to f5.com.