



Q1 2010 Financial Results

April 28, 2010



Q1 2010 Non-GAAP Results

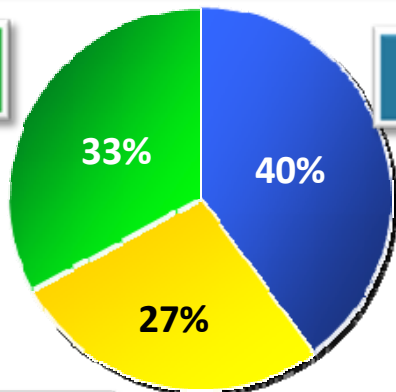
	Q1 10	Q1 09	Y/Y % growth	Q4 09
Billings ⁽¹⁾	\$79M	\$60M	32%	\$82M
Revenue	\$70M	\$54M	29%	\$71M
Non-GAAP Gross Margin (%) ⁽²⁾	73%	73%	--	73%
Non-GAAP Operating Income ⁽²⁾	\$9M	\$5M	85%	\$11M
Non-GAAP Operating Margin (%) ⁽²⁾	13%	9%	+4%	16%
Non-GAAP Net Income ^{(2) (3)}	\$6M	\$5M	7%	\$9M
Non-GAAP Earnings per Share ^{(2) (3)}	\$0.08	\$0.08	--	\$0.13
Weighted Diluted Shares used in EPS	75M	66M	14%	71M
Deferred Revenue	\$212M	\$178M	19%	\$202M
Free Cash Flow ⁽⁴⁾	\$21M	\$13M	61%	\$16M

Notes

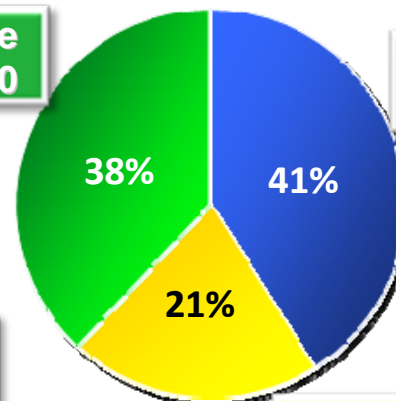
- (1) Billings is a non-GAAP measure that we define as revenue recognized for the particular period plus the change in deferred revenue from the beginning of that period to the end of that period
- (2) Does not include stock based compensation or acquisition-related write-offs
- (3) Assumes effective tax rate was 35% for Q1 2010 and 10% for Q1 2009 and removes tax benefit of stock based compensation and write-off of acquisition expense
- (4) Free Cash Flow is a non-GAAP measure that we define as Cash Flow from Operations less the purchase of property, plant and equipment

Product Segmentation

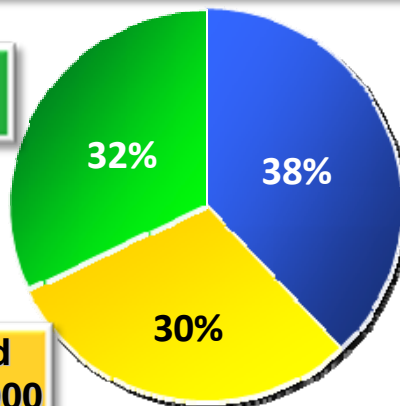
FortiGate Billings (Q1 10)



FortiGate Billings (Q1 09)



FortiGate Billings (2009)

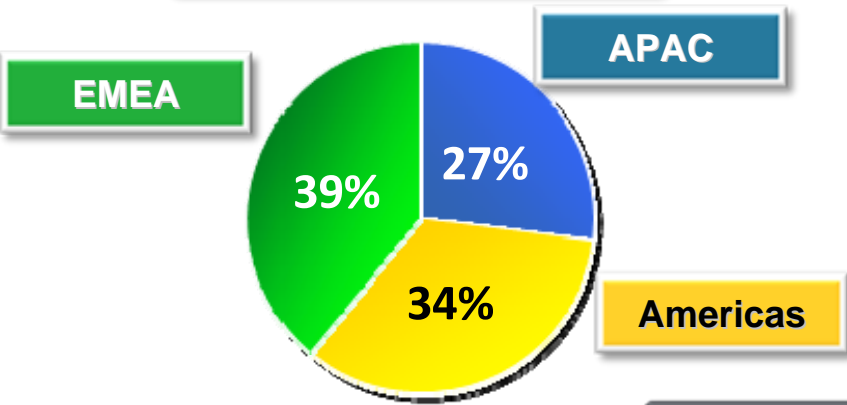


Note

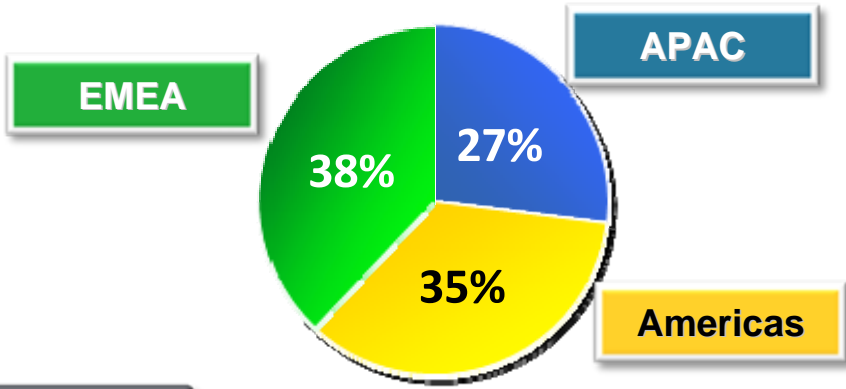
Represents FortiGate billings by Product Category. Billings is a non-GAAP measure that we define as revenue recognized for the particular period plus the change in deferred revenue from the beginning of that period to the end of that period

Revenue by Geography

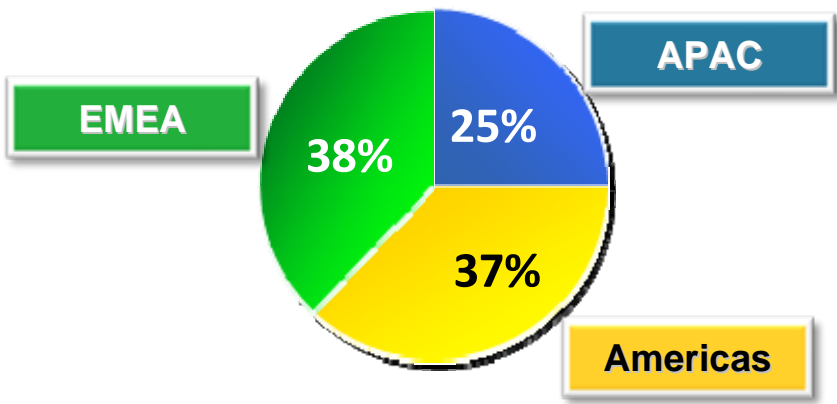
Revenue by Geo (Q1 10)



Revenue by Geo (Q1 09)

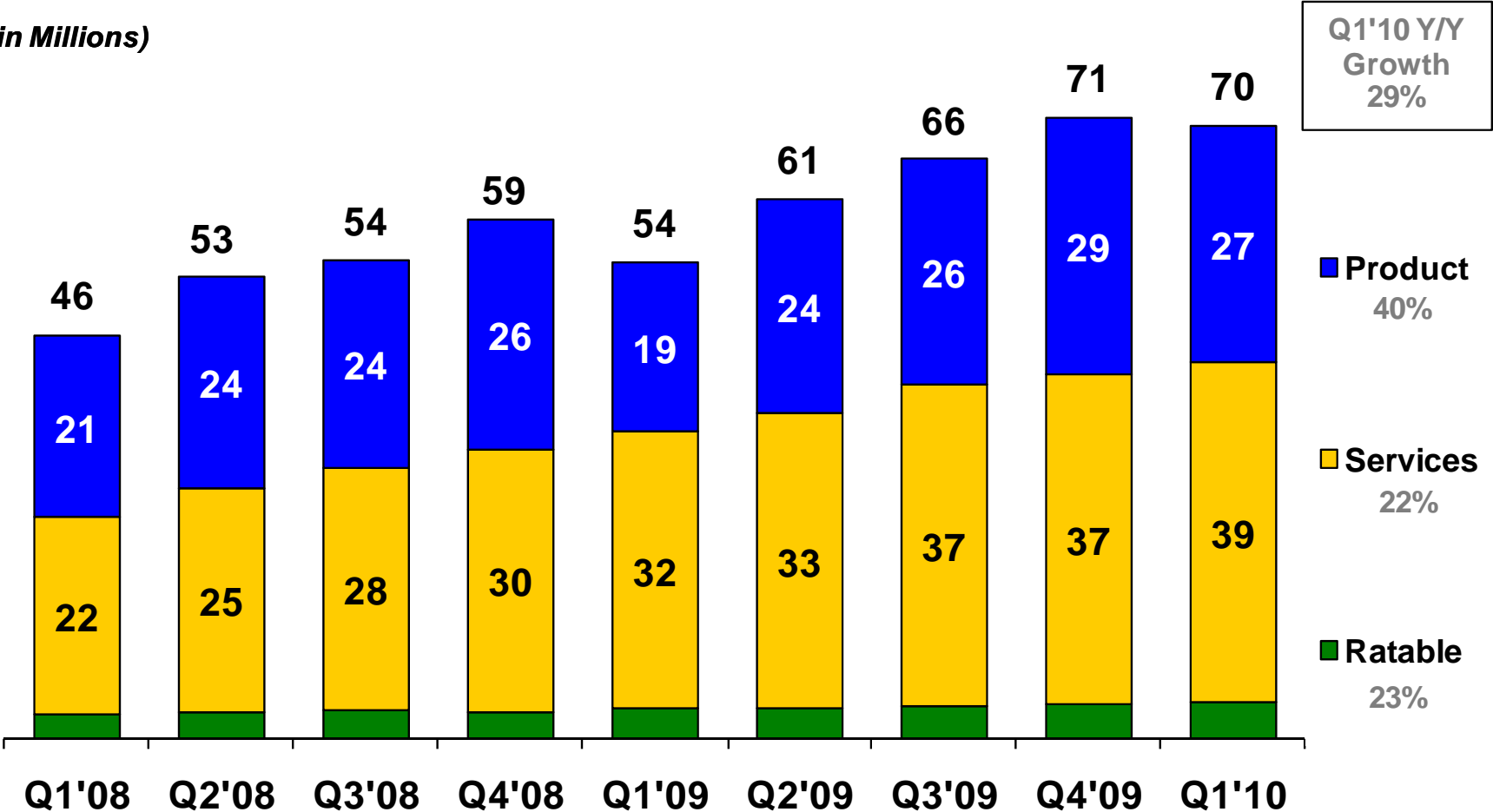


Revenue by Geo (2009)



Quarterly Revenue Mix & Q1'10 Y/Y Growth

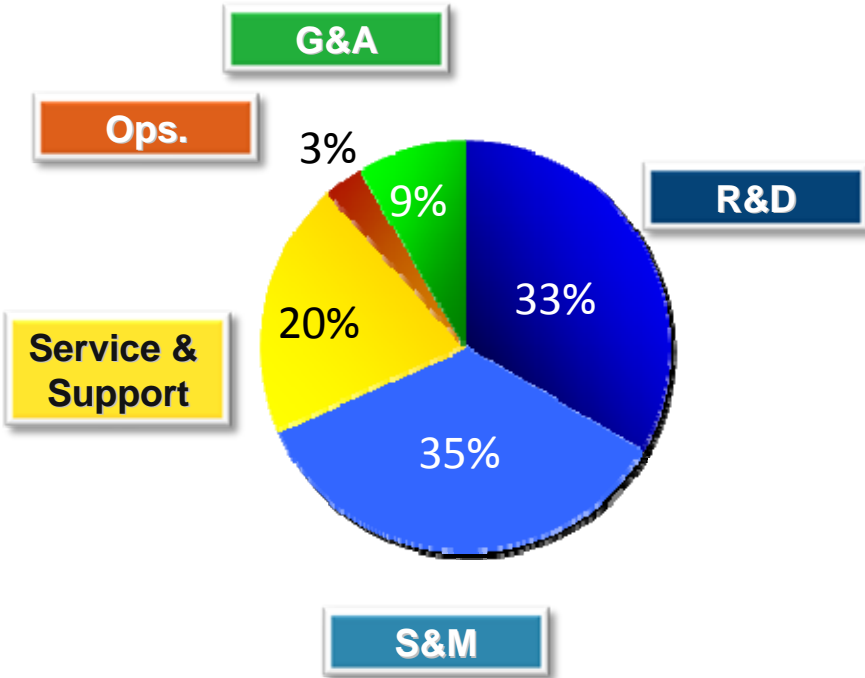
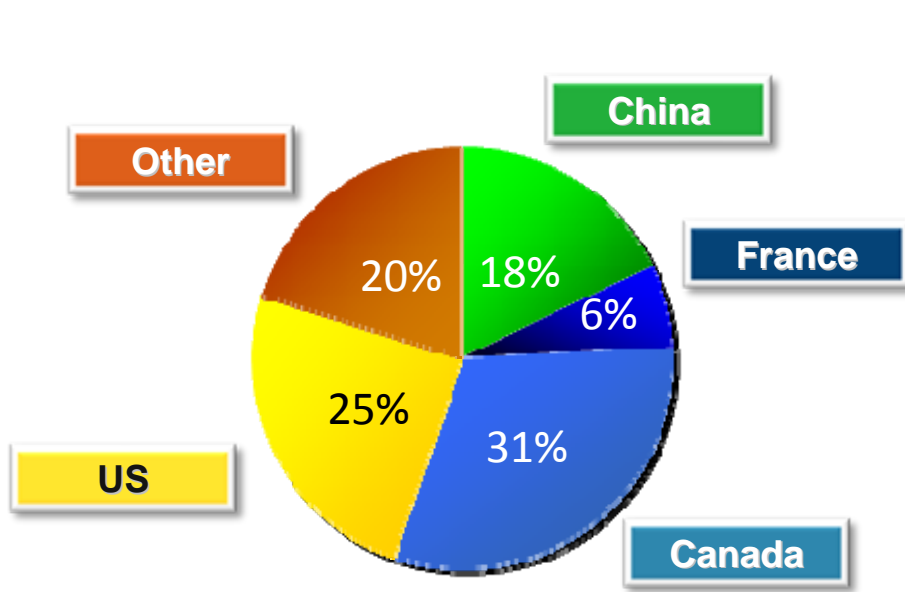
(\$ in Millions)



Global Employee Footprint

Headcount by Location (Q1 2010)

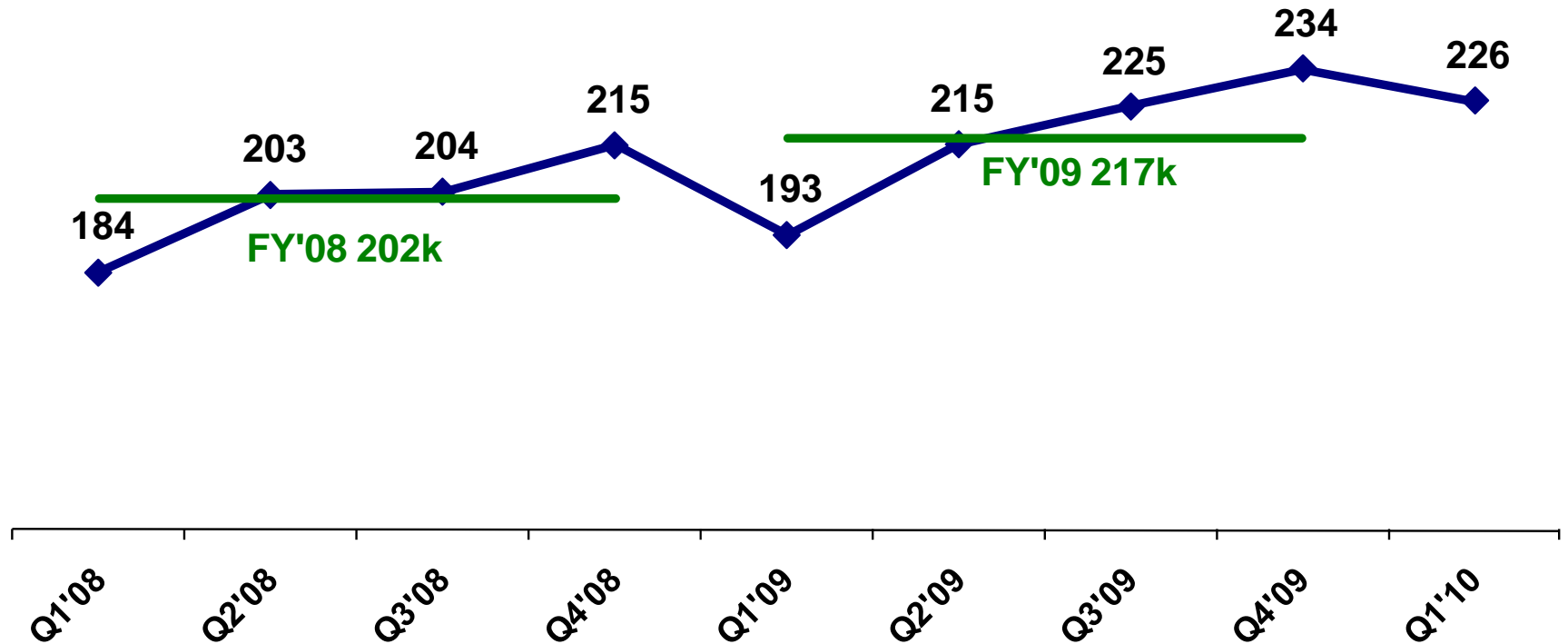
Headcount by Function (Q1 2010)



Total Headcount: 1,246

Revenue per Employee

(\$ in Thousands, Annualized)



Q1 2010 Select Financial Statistics

	Q1 10	Q4 09	Q1 09
Cash and Investments	\$281M	\$260M	\$129M
Deferred Revenue	\$212M	\$202M	\$178M
Free Cash Flow	\$21M	\$16M	\$13M
Working Capital	\$143M	\$162M	\$28M
Accounts Receivable	\$51M	\$55M	\$41M
DSO	66	69	67
Net Inventory	\$10M	\$11M	\$10M
Inventory Turns	4.0	3.7	2.6
Revenue per Employee (Annualized)	\$226K	\$234K	\$193K
No. of Deals >\$100K	84	98	57
No. of Deals >\$250K	22	34	12

Maintaining Strong Balance Sheet

(\$ in Millions)

	Q1 10	Q4 09	Q1 09
Assets			
Cash and Investments	281	260	129
Accounts Receivable	51	55	41
Inventory	10	11	10
Property and Equipment	7	6	6
Deferred Cost of Revenue	9	10	9
Deferred Tax Assets	41	41	0
Other	5	4	5
Total Assets	404	387	200
Liabilities and Shareholders' Equity			
Accounts Payable	10	11	7
Accrued Expenses	31	32	23
Deferred Revenue	212	202	178
Common Stock	206	201	109
Retained Earnings	(55)	(59)	(117)
Total Liabilities and Shareholders' Equity	404	387	200

Statement of Cash Flows (Non-GAAP)

	(\$ in Millions)	Q1 10	Q1 09
Net Income		4	4
Depreciation, Amortization, and Intangibles		4	3
Other Adjustments to Net Income (Tax, Interest Inc, F/X)		2	(1)
Non-GAAP Operating Income + Depreciation		10	6
Accounts Receivable		3	5
Inventory		0	0
Accounts Payable / Accrued Expenses / Other		(1)	(1)
Deferred Revenue		10	6
Cash Flow from Operations		22	16
Purchase of Property, Plant and Equipment		(1)	(3)
Free Cash Flow		21	13
Stock Repurchase		0	(8)
Stock Option and Warrant Exercises		1	1
Cash Flow from Financing		1	(7)
Effect of Exchange Rate on Cash / Acquisitions		(1)	(1)
Net Cash Flow		21	5

GAAP to Non-GAAP – Operating Results

(Q1'10 vs. Q4'09 vs. Q1'09)



(in thousands, except per share amounts)

	GAAP		Non-GAAP	GAAP		Non-GAAP	GAAP		Non-GAAP
	Q1'10	Adj	Q1'10	Q4'09	Adj	Q4'09	Q1'09	Adj	Q1'09
Revenue:									
Product	\$ 27,110	\$ -	27,110	\$ 29,359	\$ -	29,359	\$ 19,326	\$ -	19,326
Services	38,625	-	38,625	37,414	-	37,414	31,573	-	31,573
Ratable product and services	4,060	-	4,060	3,939	-	3,939	3,295	-	3,295
Total Revenue	69,795	-	69,795	70,712	-	70,712	54,194	-	54,194
Cost of revenue:									
Cost of product revenue	11,314	(24)	11,290	13,117	(1,689)	11,428	8,305	(24)	8,281
Cost of services revenue	6,468	(208)	6,260	6,311	(193)	6,118	5,048	(124)	4,924
Cost of ratable product and services	1,593	-	1,593	1,482	-	1,482	1,301	-	1,301
Total cost of revenue	19,375	(232)	19,143	20,910	(1,882)	19,028	14,654	(148)	14,506
Gross Profit:									
Product	15,796	24	15,820	16,242	1,689	17,931	11,021	24	11,045
<i>As a percentage of revenue</i>	58%		58%	55%		61%	57%		57%
Services	32,157	208	32,365	31,103	193	31,296	26,525	124	26,649
<i>As a percentage of revenue</i>	83%		84%	83%		84%	84%		84%
Ratable product and services	2,467	-	2,467	2,457	-	2,457	1,994	-	1,994
<i>As a percentage of revenue</i>	61%		61%	62%		62%	61%		61%
Total gross profit	50,420	232	50,652	49,802	1,882	51,684	39,540	148	39,688
<i>Gross Margin</i>	72%		73%	70%		73%	73%		73%
Operating Expenses:									
Research and development	11,934	(554)	11,380	10,988	(571)	10,417	9,876	(378)	9,498
<i>As a percentage of revenue</i>	17%		16%	16%		15%	18%		18%
Sales and marketing	26,723	(866)	25,857	26,719	(918)	25,801	21,763	(644)	21,119
<i>As a percentage of revenue</i>	38%		37%	38%		36%	40%		39%
General and administrative	5,059	(496)	4,563	4,642	(474)	4,168	4,672	(380)	4,292
<i>As a percentage of revenue</i>	7%		7%	7%		6%	9%		8%
Total operating expenses	43,717	(1,916)	41,801	42,349	(1,963)	40,386	36,311	(1,402)	34,909
Operating income	6,703	2,148	8,851	7,453	3,845	11,298	3,229	1,550	4,779
<i>Operating margin</i>	10%		13%	11%		16%	6%		9%

GAAP to Non-GAAP – Operating Results (cont.)

(Q1'10 vs. Q4'09 vs. Q1'09)



(in thousands, except per share amounts)

	GAAP			Non-GAAP		
	Q1'10	Adj	Q1'10	Q4'09	Adj	Q4'09
Operating income	6,703	2,148 (a)	8,851	7,453	3,845 (b)	11,298
Net income	\$ 4,218	\$ 1,547 (c)	\$ 5,765	\$ 43,939	\$ (34,722) (c)	\$ 9,217
Premium paid on repurchase of pref. shares	-	-	-	-	-	-
Net income attributable to common stockholders	\$ 4,218	\$ 1,547	\$ 5,765	\$ 43,939	\$ (34,722)	\$ 9,217
Basic net income (loss) per share	\$ 0.06		\$ 0.09	\$ 1.02		\$ 0.15
Diluted net income (loss) per share	\$ 0.06		\$ 0.08	\$ 0.62		\$ 0.13
Shares used in per share calculation:						
Basic	67,181		67,181	42,991		62,543
Diluted	74,878		74,878	70,760		70,760

	GAAP			Non-GAAP		
	Q1'09	Adj	Q1'09	Q4'09	Adj	Q4'09
Operating income	3,229	1,550 (a)	4,779	7,453	3,845 (b)	11,298
Net income	\$ 3,774	\$ 1,638 (c)	\$ 5,412	\$ 43,939	\$ (34,722) (c)	\$ 9,217
Premium paid on repurchase of pref. shares	(5,231)	5,231 (d)	-	-	-	-
Net income attributable to common stockholders	\$ (1,457)	\$ 6,869	\$ 5,412	\$ 43,939	\$ (34,722)	\$ 9,217
Basic net income (loss) per share	\$ (0.07)		\$ 0.26	\$ 1.02		\$ 0.15
Diluted net income (loss) per share	\$ (0.07)		\$ 0.08	\$ 0.62		\$ 0.13
Shares used in per share calculation:						
Basic	20,960		20,960	42,991		62,543
Diluted	20,960		65,897	70,760		70,760

(a) To adjust for stock-based compensation expense

(b) To adjust for stock-based compensation and non-cash acquisition related charges

(c) To adjust for the expenses (net of tax) noted in (a) and (b)

(d) To adjust net income attributable to common shareholder for the premium paid on repurchase of convertible preferred stock