



CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF NETAPP, INC.

PURPOSE

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of NetApp, Inc., a Delaware corporation (the “**Company**”), is to assist the Board in fulfilling its responsibilities for generally overseeing:

- the overall integrity of the Company’s financial statements;
- the selection, qualifications, performance and independence of the Company’s independent registered public accounting firm (the “**Independent Auditor**”);
- the audit, compliance, accounting and reporting procedures of the Company;
- the adequacy of the Company’s internal controls;
- the quality of the internal audit function; and
- compliance with legal, regulatory and public disclosure requirements.

The Committee is also responsible for performing such other duties and responsibilities as are enumerated in or consistent with this charter or as the Board or the Committee deem appropriate.

The Committee’s function is primarily one of oversight and shall not relieve the responsibilities of the Company’s management for preparing financial statements that accurately and fairly present the Company’s financial results and condition or the responsibilities of the Independent Auditor relating to the audit or review of financial statements. The Committee is not responsible for providing any expert or special assurance as to the Company’s financial statements or the Independent Auditor’s work. Nothing in this charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by members of the Committee on reports or other information provided by others.

COMPOSITION OF THE COMMITTEE

The Committee shall consist of at least three directors, each of whom shall meet the independence requirements of Section 10A(m) of the Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder by the Securities and Exchange Commission (the “**SEC**”). The composition of the Committee must also satisfy the listing requirements of The Nasdaq Stock Market LLC (the “**Nasdaq Rules**”), including those concerning independence and the ability to read and understand fundamental financial statements. At least one member of the Committee shall be an “audit committee financial expert,” as determined by the Board in accordance with the SEC rules and

Nasdaq Rules. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any subsidiary of the Company during the past three (3) years.

The members of the Committee shall be appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee, and shall serve at the discretion of the Board.

The Board may designate a Chair of the Committee. In the absence of that designation, the Committee may designate a Chair by majority vote of the Committee members. The Chair of the Committee, in consultation with the appropriate members of the Committee, will develop the Committee's agenda.

SELECTION AND OVERSIGHT OF THE INDEPENDENT AUDITOR

The Committee shall be directly responsible for the appointment, compensation, retention, termination and oversight of the work of the Independent Auditor, including resolution of disagreements between the Company's management and the Independent Auditor regarding financial reporting. The Independent Auditor shall report directly to the Committee. The Committee shall have ultimate authority to approve all audit engagement fees and terms.

The Committee will review at least annually:

- the qualifications of the responsible partner or manager of the Independent Auditor who is engaged on the Company's account;
- the quality control procedures of the Independent Auditor;
- the amount billed or to be billed for audit and non-audit services;
- whether there are any expertise, personnel, reputation or other matters affecting the independence of the Independent Auditor that have been brought to the Committee's attention and that may affect the Independent Auditor's services to the Company (including any permissible non-audit services); and
- the rotation of the Independent Auditor's lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable rules.

ANNUAL FINANCIAL REPORTING

In connection with the audit of each fiscal year's financial statements, the Committee will:

- meet with representatives of the Independent Auditor prior to the audit to review planning and staffing of the audit;
- review and discuss the audited financial statements and related accounting and auditing principles and practices with appropriate members of the Company's management, including

the disclosures in “Management’s Discussion and Analysis of Financial Condition and Results of Operations;”

- review and discuss the results of the independent audit and the Independent Auditor’s opinion on the annual financial statements;
- discuss with the Independent Auditor the matters required by applicable requirements under the Public Company Accounting Oversight Board’s Auditing Standards and SEC rules and regulations regarding communications with audit committees, including: (1) the quality as well as acceptability of the accounting principles applied in the financial statements; (2) new or changed accounting policies, significant estimates, judgments, uncertainties or unusual transactions; (3) accounting policies relating to significant financial statement items; and (4) any critical audit matters arising from the current period audit;
- review with appropriate members of management and the Independent Auditor their respective analyses of significant matters that relate to (1) the selection, application and effects of critical accounting policies applied by the Company and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principle (“GAAP”) methods on the financial statements; (2) internal auditing, financial management and control personnel, systems and procedures; (3) the status of and effect on the Company’s financial statements of any new, proposed or alternative accounting or financial reporting requirements or initiatives, as well as off-balance sheet structures; and (4) issues raised by any management letter from the Independent Auditor, difficulties encountered in the audit, disagreements with management, or other significant aspects of the audit;
- receive from the Independent Auditor all written disclosures and statements of all relationships between the Independent Auditor and the Company that may be required under the applicable rules governing independent auditors;
- discuss with the Independent Auditor any disclosed relationships or services that may impact the objectivity or independence of the Independent Auditor and take, or recommend that the full Board take, appropriate action to oversee the independence of the Independent Auditor;
- obtain from the Independent Auditor a statement of the audit fees and other categories of fees billed for the last fiscal year that are required to be disclosed in the Company’s proxy statement for its annual meeting, and consider whether the provision of any non-audit services is compatible with maintaining the independence of the Independent Auditor; and
- recommend whether or not the audited financial statements should be included in the Company’s Annual Report on Form 10-K for filing with the SEC.

QUARTERLY FINANCIAL REPORTING

The Committee will review with the Independent Auditor and appropriate Company management the Company's interim financial results to be included in the Company's earnings release and in each Quarterly Report on Form 10-Q. The Committee's review will normally include:

- the results of the Independent Auditor's review of the quarterly financial statements;
- management's analysis of any significant accounting issues, changes, estimates, judgments or extraordinary items relating to the financial statements; and
- the selection, application and effects of critical accounting policies applied by the Company.

REPORTS AND COMMUNICATIONS FROM THE INDEPENDENT AUDITOR

The Committee shall review and discuss reports from the Independent Auditor concerning the following:

- all critical accounting policies and practices that the Company will use;
- all alternative treatments of financial information within GAAP principles that the Independent Auditor has discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the Independent Auditor;
- other material written communications between the Independent Auditor and management, such as any management letter or schedule of unadjusted differences; and
- other matters required to be communicated to the Committee under generally accepted auditing standards and other legal or regulatory requirements.

INTERNAL CONTROLS

The Committee will review and discuss with management and/or the Independent Auditor, as appropriate, at least annually:

- the adequacy and effectiveness of the internal controls and procedures of the Company, including any changes, significant deficiencies or material weaknesses in those controls reported by the Independent Auditor or management and any special audit steps adopted in light of significant control deficiencies;
- any fraud, whether or not material, that involves management or other Company employees who have a significant role in the Company's internal controls;
- the reports and certifications regarding internal control over financial reporting and disclosure controls;
- the adequacy and effectiveness of the Company's disclosure controls and procedures;

- the status of management’s responses to the prior period audit management letter by the Independent Auditor;
- succession planning and staffing levels for the Company’s finance and accounting employees;
- the Independent Auditor’s evaluation of the Company’s identification of potential relationships and transactions with related parties under the applicable accounting standards, as well as the accounting for and disclosure of such relationships and transactions; and
- the internal audit function’s responsibilities, objectives, activities, resources, budget and staffing.

OTHER COMMITTEE FUNCTIONS

The Committee will review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board.

The Committee will periodically review and discuss with management (1) management’s program to identify, assess, manage, and monitor significant business risks of the Company, including financial, operational, privacy, cyber and physical security, business continuity, legal and regulatory, and reputational risks; and (2) management’s risk management decisions, practices and activities.

The Committee will establish and oversee procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Committee shall (i) review and approve, in advance, the scope and plans for the Company’s audits and the audit fees; and (ii) approve in advance (or, where permitted under the SEC’s rules and regulations of the SEC, subsequently) all non-audit services to be performed by the Independent Auditor that are not otherwise prohibited by law and any associated fees. The Committee may delegate to one or more members of the Committee the authority to pre-approve audit and permissible non-audit services, as long as this pre-approval is presented to the full Committee at scheduled meetings. The Committee may, in accordance with applicable law, establish pre-approval policies and procedures for the engagement of independent accountants to render services to the Company.

The Committee may discuss and review with management, internal or outside legal counsel, or the Independent Auditor any other topics relating to the purpose of the Committee that may come to the Committee’s attention, including:

- published reports, regulatory or accounting initiatives, or communications from employees, government agencies or others that raise significant issues concerning the Company’s financial statements or accounting policies;
- off balance sheet, related party or other transactions that could affect the Company’s financial results or condition;

- any issues concerning the Company that the Independent Auditor has discussed with its national or supervisory office;
- reports concerning significant subsidiary or foreign operations; and
- pending or threatened litigation that has the potential to have a material adverse effect on the Company, regulatory issues or alleged violations of law or corporate conduct codes.

The Committee shall provide periodic oversight and review of the Company's investment policies for the investment of liquid assets not required in the Company's operations.

The Committee will review the Company's real property holdings and approve all proposals for the acquisition, disposition and leasing (through synthetic leases or otherwise) of real property by the Company, and any proposal for the financing thereof, equal to or greater than \$100 million but less than \$500 million per property. Proposals involving less than \$100 million per property may be approved by the Company's Chief Executive Officer or Chief Financial Officer. Proposals involving \$500 million per property or more must be approved by the Board.

The Committee will review and oversee any programs to repurchase the Company's securities and to review the implementation by management of any such repurchase programs.

The Committee shall review and discuss with management and the Independent Auditor (i) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, including the Company's Code of Conduct; and (ii) reports regarding compliance with applicable laws, regulations and internal compliance programs.

MEETINGS, REPORTS AND RESOURCES OF THE COMMITTEE

The Committee will meet at least quarterly. The Committee may also hold special meetings or act by unanimous written consent (which may include electronic consents) as often as the Committee may decide. The Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the Board under the Company's bylaws, unless otherwise stated by resolution of the Board or the Committee. The Committee will maintain written minutes of its meetings and actions by written consent, which will be filed with the minutes of the meetings of the Board. The Committee, or its Chair, shall report to the Board on the results of its meetings.

The Committee, as it may determine to be appropriate, will meet in separate executive sessions with the Company's Chief Financial Officer, Controller or Principal Accounting Officer, and representatives of the Independent Auditor, and may meet with other Company employees, agents or representatives invited by the Committee.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. If designated, each such subcommittee will establish its own schedule. The Committee shall not delegate to a subcommittee any power or authority required by law, regulation or Nasdaq Rule to be exercised by the Committee as a whole.

The Committee will prepare the audit committee report required to be included in the Company's proxy statement for its annual meeting of stockholders and report to the Board on the other matters relating to the Committee or its purposes, in each case as required by the SEC's rules.

The Committee is at all times authorized to have direct, independent access to the Independent Auditor and to the Company's management and internal audit and finance personnel. The Committee is authorized to communicate in confidence with any of these individuals.

The Committee is authorized to conduct investigations, and to retain, at the expense of the Company, independent legal, accounting or other professional consultants selected by the Committee for any matters relating to the purpose of the Committee. The Committee is further authorized to retain, at the expense of the Company, professional advisers, including independent counsel or accounting or financial advisor, that the Committee may consider necessary or helpful. The Committee will advise the Board in advance of engaging outside professional services and the expected fees and costs to be incurred. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any professional advisors that it retains, and such advisors will report directly to the Committee and may only be terminated in the discretion of the Committee.

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