
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): May 23, 2012

NETAPP, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

0-27130
(Commission
File Number)

77-0307520
(IRS Employer
Identification Number)

495 East Java Drive
Sunnyvale, CA 94089
(Address of principal executive offices) (Zip Code)

(408) 822-6000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On May 23, 2012, NetApp, Inc. (“NetApp” or the “Company”) issued a press release and supplemental commentary reporting financial results for the fourth quarter and year ended April 27, 2012. The press release and supplemental commentary are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, and are incorporated herein by reference.

These exhibits shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Non-GAAP Financial Measures

To supplement NetApp’s condensed consolidated financial statement information presented on a GAAP basis, the press release and supplemental commentary furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, provide investors with certain non-GAAP measures, including, but not limited to, historical non-GAAP operating results and net income and historical and future non-GAAP net income per diluted share. For purposes of internal planning, performance measurement and resource allocation, NetApp’s management uses non-GAAP measures of net income that exclude: (a) amortization of intangible assets, (b) stock-based compensation expenses, (c) acquisition related income and expenses, (d) restructuring and other charges, (e) asset impairments, (f) non-cash interest expense associated with our convertible debt, (g) net losses or gains on investments, and (h) our GAAP tax provision, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. NetApp’s management uses these non-GAAP measures in making operating decisions because it believes the measurements provide meaningful supplemental information regarding NetApp’s ongoing operational performance. These non-GAAP financial measures are used to: (1) measure company performance against historical results, (2) facilitate comparisons to our competitors’ operating results, and (3) allow greater transparency with respect to information used by management in financial and operational decision making. In addition, these non-GAAP financial measures are used to measure company performance for the purposes of determining employee incentive plan compensation.

As described above, NetApp excludes the following items from its non-GAAP measures:

A. *Amortization of intangible assets.* NetApp records amortization of intangible assets that were acquired in connection with its business combinations. The amortization of intangible assets varies depending on the level of acquisition activity. Management finds it useful to exclude these charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods and in measuring operational performance.

B. *Stock-based compensation expenses.* NetApp excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses. While management views stock-based compensation as a key element of our employee retention and long-term incentives, we do not view it as an expense to be used in evaluating operational performance in any given period. In addition, the valuation of stock-based awards and associated expense are based on factors and assumptions that management believes are, in large part, outside of management’s control.

C. *Acquisition related income and expenses.* NetApp excludes acquisition related income and expenses, including (a) merger termination proceeds, (b) due diligence, legal and other one-time integration charges, (c) the impact of inventory step-ups, and (d) write down of assets acquired that NetApp does not intend to use in its ongoing business, from its non-GAAP measures primarily because they are not related to our on-going business or cost base and, therefore, cannot be relied upon for future planning and forecasting.

D. *Restructuring and other charges.* These charges include restructuring charges that are incurred based on the particular facts and circumstances of restructuring decisions, including employment and contractual settlement terms, and other related charges, and can vary in size and frequency. These items are not ordinarily included in our annual operating plan and related budget due to the unpredictability of the timing and size of these events. We therefore exclude them in our assessment of operational performance.

E. *Asset impairments.* These are non-cash charges to write down assets when there is an indication that the asset has become impaired. Management finds it useful to exclude these non-cash charges due to the unpredictability of these events in its assessment of operational performance.

F. *Non-cash interest expense.* These are non-cash charges from the amortization of debt discount and issuance costs. Management does not believe that these charges reflect the underlying performance of our business.

G. *Net losses or gains.* These include realized gains and losses on and other-than-temporary impairments of our investments related to significant investment impairments or liquidation events. Management believes that these gains and losses do not reflect the results of our underlying, on-going businesses and, therefore, finds it useful to exclude them in assessing our performance.

H. *Income tax effects.* NetApp excludes its GAAP tax provision, including discrete items, from its non-GAAP measure of net income, but includes a non-GAAP tax provision based upon its projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. Management believes the use of a non-GAAP tax provision provides a more meaningful measure of the company’s operational performance in any given period.

There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, the non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. Management compensates for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in our earnings release and prepared remarks. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with generally accepted accounting principles in the United States. The non-GAAP financial measures are meant to supplement, and be viewed in conjunction with, GAAP financial measures. Investors should review the information regarding non-GAAP financial measures provided in our press release and prepared remarks.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit	Description
99.1	Press release, dated May 23, 2012, reporting earnings for the fiscal quarter and year ended April 27, 2012.
99.2	Supplemental Commentary, dated May 23, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NETAPP, INC.
(Registrant)

May 23, 2012

By: /s/ Matthew K. Fawcett
Matthew K. Fawcett
Secretary, General Counsel, and
Senior Vice President, Legal

Index to Exhibits

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<u>99.1</u>	Press release, dated May 23, 2012, reporting earnings for the fiscal quarter and year ended April 27, 2012.
<u>99.2</u>	Supplemental Commentary, dated May 23, 2012.

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NETAPP ANNOUNCES RESULTS FOR FOURTH QUARTER AND FISCAL YEAR 2012

Company Reports Q4 FY'12 Revenues of \$1.70 Billion; Fiscal Year Revenues of \$6.23 Billion, Up 22% Year Over Year

Sunnyvale, Calif.—May 23, 2012—NetApp (NASDAQ: NTAP) today reported results for the fourth quarter and fiscal year 2012, which ended April 27, 2012. Revenues for the fourth quarter of fiscal year 2012 totaled \$1.70 billion, up 19% compared to revenues of \$1.43 billion for the same period one year ago.

For the fourth quarter of fiscal year 2012, GAAP net income was \$181 million, or \$0.47 per share¹, compared to GAAP net income of \$161 million, or \$0.40 per share, for the same period a year ago. Non-GAAP net income for the fourth quarter of fiscal year 2012 was \$252 million, or \$0.66 per share², compared to non-GAAP net income of \$237 million, or \$0.59 per share for the same period a year ago.

Revenues for fiscal year 2012 totaled \$6.23 billion, up 22% compared to revenues of \$5.12 billion for fiscal year 2011. GAAP net income for fiscal year 2012 totaled \$605 million, or \$1.58 per share, compared to GAAP net income of \$673 million, or \$1.71 per share for fiscal year 2011. Non-GAAP net income for fiscal year 2012 totaled \$926 million, or \$2.41 per share, compared to non-GAAP net income of \$866 million, or \$2.20 per share for fiscal year 2011.

“With a strong product offering and well established partner ecosystem, NetApp delivered our ninth consecutive quarter of over 20% year-over-year product revenue growth. Our ability to generate cash remains robust as the fourth quarter was our best ever quarter in terms of cash flow from operations,” said Tom Georgens, president and CEO. “As the innovation leader in the industry, and the only company offering a unified scale out platform, we are the clear choice for enterprises as they re-architect their data centers to provide agility while reducing complexity and cost.”

Outlook

NetApp's outlook for the first quarter of fiscal year 2013 reflects the normal slower seasonality of the first quarter and increasing uncertainty in the broader macro environment.

- NetApp estimates revenue for the first quarter of fiscal year 2013 to be in the range of \$1.40 billion to \$1.50 billion, which equates to a sequential decline of approximately 12% to 18% and a year-over-year decline of approximately 4% to an increase of 3%.
- NetApp estimates that first quarter fiscal year 2013 GAAP earnings per share will be approximately \$0.10 to \$0.15 per share. NetApp estimates that first quarter fiscal year 2013 non-GAAP earnings per share will be approximately \$0.34 to \$0.39 per share.
- NetApp estimates that share count for the first quarter of fiscal year 2013 will decrease to approximately 380 million shares, including an estimated 7 million shares from the Company's outstanding convertible notes.³ Share count does not include the Company's outstanding note hedges which are expected to offset 80% of the dilution from the convertible notes at maturity or conversion.

Business Highlights

In its fourth quarter of fiscal year 2012, NetApp innovation provided customers and partners with the storage foundation that is enabling them to capitalize on data to help grow their business. During the quarter, NetApp and Cisco built on the impressive momentum of the FlexPod® design architecture by unveiling new architectures to allow customers and partners to accelerate their transition to the cloud. Additionally, customers around the world continued to use NetApp® storage efficiency technologies to leverage existing investments, significantly reduce costs, and help support growth. Highlights during the quarter include the following:

More Than 850 Customers Build on the NetApp and Cisco FlexPod Architecture to Leverage the Cloud

- **NetApp and Cisco unveil new FlexPod architecture optimized for smaller workloads.** New FlexPod design architectures priced and sized for smaller workloads with 500–1,000 users allow customers to invest only in the infrastructure they require and enable simple and rapid scaling to meet growing demands as their business needs change. With the new entry-level FlexPod solution, customers are able to maximize their investments with the ability to easily scale architectures by simply adding incremental capacity as their needs grow for larger application workloads.
- **NetApp and Cisco help customers accelerate transition to Microsoft private cloud with new validated FlexPod solution.** The new FlexPod design architecture for the Microsoft® private cloud is designed to meet growing demand for choice and flexibility as more customers transition to the cloud. The new design architecture helps customers reduce infrastructure and application deployment time from days to hours while helping achieve greater utilization of physical and virtual resource pools. Additionally, FlexPod is the first validated data center infrastructure to support Microsoft System Center 2012.

SOFTBANK Utilizes NetApp Technology to Help Transform IT Infrastructure and Contribute to Japan’s Recovery Process Following 2011 Earthquake and Tsunami

- By leveraging NetApp technology to consolidate and transform its entire IT organization, SOFTBANK Group was able to deliver a range of internal and external cloud services called White Cloud that served as a catalyst for the Company’s continued growth and success. Its newly transformed IT infrastructure also enabled the Company to deliver several of its cloud service offerings either at highly discounted rates or free of charge to businesses, public agencies, and nonprofit organizations just days after the disaster. Additionally, SOFTBANK Group was able to extend its internal virtual desktop service to 14,000 of its displaced employees in a matter of weeks rather than the originally planned one-year timeline.
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Customers Can Harness Big Data Environments with Enhanced NetApp E-Series Platform

- New enhancements to the E-Series platform enable NetApp's ecosystem of OEM partners to more effectively serve their customers' growing big data requirements and serve as the platform for many of NetApp's own big data solutions. The enhanced platform provides improved management capabilities along with new data protection technology to help customers optimize overall performance.

Awards and Milestones

- **Customers, Partners and Employees Help NetApp Make Its Debut on FORTUNE 500 List**

NetApp was named a FORTUNE 500 company by *FORTUNE* Magazine, the annual ranking of America's largest publicly and privately-held companies for which revenues are publicly available. NetApp's inclusion was based on the Company's fiscal year 2011 revenue of \$5.1 billion. The ranking marks the latest milestone in NetApp's history and is further testament to the value that NetApp delivers to its customers, partners, shareholders, and employees.

- **20 Years of Innovation Drive Customer and Partner Success**

April 2012 marked a major milestone for NetApp as the Company celebrated its 20th anniversary. What began in 1992 with an idea sketched on a placemat has grown into an industry-leading \$6B+ company with over 12,000 employees who are committed to building a model company. NetApp's 20-year achievement is a result of the vision of NetApp's founders, the dedication of its employees, the strength of its partnerships, and the success of all its customers. Innovation has driven NetApp's growth throughout its history, and this spirit of innovation remains strong as the Company looks forward to continuing to help customers in the future.

- **NetApp Continues to Earn Recognition as a Great Place to Work**

Built on a culture of innovation committed to partner and customer success, NetApp was ranked #4 on Crain's Chicago Business's 2012 "Best Places to Work" list. The annual list recognized NetApp as the region's highest-ranked technology employer.

- **NetApp Awarded 5-Star Partner Rating in CRN's 2012 Partner Programs Guide** NetApp's commitment to its partners' success is core to the Company's overall growth strategy. The CRN 5-Star Partner rating is further validation that NetApp's channel program is one of the best in the market today.
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Webcast and Conference Call Information

The NetApp fourth quarter and fiscal year 2012 results conference call will be broadcast live on the Internet at investors.netapp.com on Wednesday, May 23, 2012, at 2:30 p.m. Pacific Time. This press release and any other information related to the call will also be posted on the Web site at that location. An audio replay Webcast will be available after 4:30 p.m. Pacific Time on the Web site.

NetApp uses a hybrid format for disclosing key financial information associated with our quarterly results. Concurrent with the press release, NetApp posts a supplemental commentary with financial information and statistics to our Web site at investors.netapp.com.

About NetApp

NetApp creates innovative storage and data management solutions that deliver outstanding cost efficiency and accelerate business breakthroughs. Discover our passion for helping companies around the world go further, faster at www.netapp.com.

“Safe Harbor” Statement Under U.S. Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include all of the statements under the Outlook section relating to our forecasts for the first quarter of fiscal year 2013 and expected benefits our customers may realize from our products and partnerships, all of which involve risk and uncertainty. Actual results may differ materially from our statements and projections for a variety of reasons, including general economic and market conditions, such as the macroeconomic environment and the flooding in Thailand, and matters specific to our business, such as customer demand for and acceptance of our products and services. These and other equally important factors are described in reports and documents we file from time to time with the Securities and Exchange Commission (SEC), including the factors described under the sections titled “Risk Factors” in our most recently submitted Annual and Quarterly Reports on Forms 10-K and 10-Q, respectively. We disclaim any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

NetApp, the NetApp logo, and Go further, faster, are trademarks or registered trademarks of NetApp, Inc. All other marks are the property of their respective owners and should be treated as such.

¹ GAAP earnings per share is calculated using the diluted number of shares for all periods presented.

² Non-GAAP net income excludes the amortization of intangible assets, stock-based compensation, acquisition-related income and expenses, restructuring and other charges, asset impairments, non-cash interest expense associated with our convertible debt, net losses or gains on investments, and our GAAP tax provision, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. Non-GAAP earnings per share is calculated using the diluted number of shares for all periods presented.

³ 80% hedged on maturity or conversion of the convertible notes.

NetApp Usage of Non-GAAP Financials

The Company refers to the non-GAAP financial measures cited above in making operating decisions because they provide meaningful supplemental information regarding the Company's ongoing operational performance. Non-GAAP net income excludes the amortization of intangible assets, stock-based compensation, acquisition-related income and expenses, restructuring and other charges, asset impairments, non-cash interest expense associated with our convertible debt, net losses or gains on investments, and our GAAP tax provision, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. We have excluded these items in order to enhance investors' understanding of our ongoing operations. The use of these non-GAAP financial measures has material limitations because they should not be used to evaluate our Company without reference to their corresponding GAAP financial measures. As such, we compensate for these material limitations by using these non-GAAP financial measures in conjunction with GAAP financial measures.

These non-GAAP financial measures are used to: (1) measure Company performance against historical results, (2) facilitate comparisons to our competitors' operating results, and (3) allow greater transparency with respect to information used by management in financial and operational decision making. In addition, these non-GAAP financial measures are used to measure Company performance for the purposes of determining employee incentive plan compensation. We have historically reported similar non-GAAP financial measures to our investors and believe that the inclusion of comparative numbers provides consistency in our financial reporting at this time.

NETAPP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	<u>April 27, 2012</u>	<u>April 29, 2011</u>
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 5,398.5	\$ 5,174.7
Accounts receivable, net	830.9	742.6
Inventories	161.5	108.5
Other current assets	435.6	339.4
Total current assets	6,826.5	6,365.2
Property and equipment, net	1,137.2	911.6
Goodwill and other intangible assets, net	1,141.2	813.3
Other non-current assets	427.4	408.7
Total assets	\$ 9,532.3	\$ 8,498.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 233.1	\$ 232.8
Accrued compensation and other current liabilities	717.9	763.0
1.75% Convertible Senior Notes due 2013	1,202.3	1,150.4
Short-term deferred revenue	1,366.5	1,226.6
Total current liabilities	3,519.8	3,372.8
Other long-term liabilities	206.9	192.9
Long-term deferred revenue	1,449.4	1,088.3
Total liabilities	5,176.1	4,654.0
1.75% Convertible Senior Notes due 2013	62.6	114.6
Stockholders' equity	4,293.6	3,730.2
Total liabilities and stockholders' equity	\$ 9,532.3	\$ 8,498.8

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except net income per share amounts)
(Unaudited)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>April 27, 2012</u>	<u>April 29, 2011</u>	<u>April 27, 2012</u>	<u>April 29, 2011</u>
Revenues:				
Product	\$ 1,165.1	\$ 960.5	\$ 4,209.7	\$ 3,367.1
Software entitlements and maintenance	212.5	187.0	812.2	720.6
Service	324.9	280.8	1,211.3	1,034.9
Net revenues	<u>1,702.5</u>	<u>1,428.3</u>	<u>6,233.2</u>	<u>5,122.6</u>
Cost of revenues:				
Cost of product	564.0	379.1	1,979.9	1,342.0
Cost of software entitlements and maintenance	6.8	4.8	23.9	15.7
Cost of service	136.7	116.2	516.0	436.2
Total cost of revenues	<u>707.5</u>	<u>500.1</u>	<u>2,519.8</u>	<u>1,793.9</u>
Gross profit	<u>995.0</u>	<u>928.2</u>	<u>3,713.4</u>	<u>3,328.7</u>
Operating expenses:				
Sales and marketing	478.1	462.6	1,864.0	1,597.0
Research and development	221.6	176.5	828.2	648.6
General and administrative	71.5	69.0	264.9	251.3
Restructuring and other charges	-	2.4	-	1.8
Acquisition-related expense	2.4	4.8	9.8	5.7
Total operating expenses	<u>773.6</u>	<u>715.3</u>	<u>2,966.9</u>	<u>2,504.4</u>
Income from operations	221.4	212.9	746.5	824.3
Other expense, net				
Interest income	10.6	10.3	38.2	39.9
Interest expense	(20.0)	(19.7)	(74.7)	(75.9)
Other income, net	2.5	4.6	2.4	5.8
Total other expense, net	<u>(6.9)</u>	<u>(4.8)</u>	<u>(34.1)</u>	<u>(30.2)</u>
Income before income taxes	214.5	208.1	712.4	794.1
Provision for income taxes	<u>33.8</u>	<u>47.5</u>	<u>107.0</u>	<u>121.0</u>
Net income	<u>\$ 180.7</u>	<u>\$ 160.6</u>	<u>\$ 605.4</u>	<u>\$ 673.1</u>
Net income per share:				
Basic	<u>\$ 0.50</u>	<u>\$ 0.44</u>	<u>\$ 1.66</u>	<u>\$ 1.87</u>
Diluted	<u>\$ 0.47</u>	<u>\$ 0.40</u>	<u>\$ 1.58</u>	<u>\$ 1.71</u>
Shares used in net income per share calculations:				
Basic	<u>363.4</u>	<u>368.1</u>	<u>363.9</u>	<u>360.9</u>
Diluted	<u>381.7</u>	<u>403.6</u>	<u>384.3</u>	<u>393.7</u>

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(In millions)
(Unaudited)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>April 27, 2012</u>	<u>April 29, 2011</u>	<u>April 27, 2012</u>	<u>April 29, 2011</u>
Cash flows from operating activities:				
Net income	\$ 180.7	\$ 160.6	\$ 605.4	\$ 673.1
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	82.6	42.3	293.1	165.6
Stock-based compensation	59.8	48.2	257.6	175.2
Accretion of discount and issuance costs on notes	14.2	13.9	52.9	53.1
Tax benefit from stock-based compensation	32.8	53.6	107.5	128.5
Excess tax benefit from stock-based compensation	(32.6)	(64.4)	(113.3)	(127.7)
Other, net	0.7	14.7	(71.2)	(11.5)
Changes in assets and liabilities, net of acquisition of businesses:				
Accounts receivable	(146.2)	(185.2)	(90.4)	(262.7)
Inventories	(7.7)	(14.4)	(16.5)	4.4
Accounts payable	21.8	41.0	11.4	38.7
Accrued compensation and other current liabilities	112.2	159.4	(48.3)	118.8
Deferred revenue	271.9	231.4	506.4	382.9
Changes in other operating assets and liabilities, net	(7.6)	(42.3)	(32.0)	7.9
Net cash provided by operating activities	<u>582.6</u>	<u>458.8</u>	<u>1,462.6</u>	<u>1,346.3</u>
Cash flows from investing activities:				
Purchases of investments, net	(1,403.7)	417.0	(1,424.9)	(418.5)
Purchases of property and equipment	(124.2)	(72.9)	(407.1)	(222.7)
Acquisition of businesses, net of cash acquired	-	(61.6)	(480.0)	(136.5)
Other investing activities, net	1.6	(0.3)	1.6	0.5
Net cash provided by (used in) investing activities	<u>(1,526.3)</u>	<u>282.2</u>	<u>(2,310.4)</u>	<u>(777.2)</u>
Cash flows from financing activities:				
Issuance of common stock	41.1	12.2	142.1	324.2
Repurchase and retirement of common stock	-	-	(600.0)	-
Excess tax benefit from stock-based compensation	32.6	64.4	113.3	127.7
Other financing activities, net	(2.1)	(1.4)	1.0	(1.0)
Net cash provided by (used in) financing activities	<u>71.6</u>	<u>75.2</u>	<u>(343.6)</u>	<u>450.9</u>
Effect of exchange rate changes on cash and cash equivalents	1.0	21.7	(16.1)	32.3
Net increase (decrease) in cash and cash equivalents	(871.1)	837.9	(1,207.5)	1,052.3
Cash and cash equivalents:				
Beginning of period	2,420.9	1,919.4	2,757.3	1,705.0
End of period	<u>\$ 1,549.8</u>	<u>\$ 2,757.3</u>	<u>\$ 1,549.8</u>	<u>\$ 2,757.3</u>

NETAPP, INC.
RECONCILIATION OF NON-GAAP AND GAAP
IN THE CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except net income per share amounts)
(Unaudited)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>April 27, 2012</u>	<u>April 29, 2011</u>	<u>April 27, 2012</u>	<u>April 29, 2011</u>
SUMMARY RECONCILIATION OF NET INCOME				
NET INCOME	\$ 180.7	\$ 160.6	\$ 605.4	\$ 673.1
Adjustments:				
Amortization of intangible assets	21.4	4.3	89.0	17.7
Stock-based compensation	59.8	48.4	257.6	175.2
Restructuring and other charges	-	2.4	-	1.8
Acquisition-related expense	2.4	4.8	17.8	5.7
Non-cash interest expense	14.2	13.9	52.9	53.1
Gain on investments	(0.6)	(0.9)	(1.3)	(3.4)
Income tax effect of non-GAAP adjustments	(25.5)	3.2	(95.2)	(57.5)
NON-GAAP NET INCOME	<u>\$ 252.4</u>	<u>\$ 236.7</u>	<u>\$ 926.2</u>	<u>\$ 865.7</u>
NET INCOME PER SHARE				
	\$ 0.473	\$ 0.398	\$ 1.575	\$ 1.710
Adjustments:				
Amortization of intangible assets	0.056	0.011	0.232	0.045
Stock-based compensation	0.157	0.120	0.670	0.445
Restructuring and other charges	-	0.006	-	0.005
Acquisition-related expense	0.006	0.012	0.046	0.014
Non-cash interest expense	0.037	0.034	0.138	0.135
Gain on investments	(0.001)	(0.002)	(0.003)	(0.009)
Income tax effect of non-GAAP adjustments	(0.067)	0.008	(0.248)	(0.146)
NON-GAAP NET INCOME PER SHARE	<u>\$ 0.661</u>	<u>\$ 0.586</u>	<u>\$ 2.410</u>	<u>\$ 2.199</u>

NETAPP, INC.
SUPPLEMENTAL INFORMATION
(In millions)
(Unaudited)

Three Months Ended April 27, 2012

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Restructuring and Other Charges</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Gain on Investments</u>	<u>Total</u>
Cost of product revenues	\$ 14.0	\$ 1.3	\$ -	\$ -	\$ -	\$ -	\$ 15.3
Cost of service revenues	-	4.0	-	-	-	-	4.0
Sales and marketing expense	7.4	29.5	-	-	-	-	36.9
Research and development expense	-	17.1	-	-	-	-	17.1
General and administrative expense	-	7.9	-	-	-	-	7.9
Acquisition-related expense	-	-	-	2.4	-	-	2.4
Interest expense	-	-	-	-	14.2	-	14.2
Other income, net	-	-	-	-	-	(0.6)	(0.6)
Effect on income before income taxes	<u>\$ 21.4</u>	<u>\$ 59.8</u>	<u>\$ -</u>	<u>\$ 2.4</u>	<u>\$ 14.2</u>	<u>\$ (0.6)</u>	<u>\$ 97.2</u>

Three Months Ended April 29, 2011

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Restructuring and Other Charges</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Gain on Investments</u>	<u>Total</u>
Cost of product revenues	\$ 3.1	\$ 1.0	\$ -	\$ -	\$ -	\$ -	\$ 4.1
Cost of service revenues	-	3.8	-	-	-	-	3.8
Sales and marketing expense	1.1	22.4	-	-	-	-	23.5
Research and development expense	0.1	12.9	-	-	-	-	13.0
General and administrative expense	-	8.3	-	-	-	-	8.3
Restructuring and other charges	-	-	2.4	-	-	-	2.4
Acquisition-related expense	-	-	-	4.8	-	-	4.8
Interest expense	-	-	-	-	13.9	-	13.9
Other income, net	-	-	-	-	-	(0.9)	(0.9)
Effect on income before income taxes	<u>\$ 4.3</u>	<u>\$ 48.4</u>	<u>\$ 2.4</u>	<u>\$ 4.8</u>	<u>\$ 13.9</u>	<u>\$ (0.9)</u>	<u>\$ 72.9</u>

Year Ended April 27, 2012

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Restructuring and Other Charges</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Gain on Investments</u>	<u>Total</u>
Cost of product revenues	\$ 55.8	\$ 5.4	\$ -	\$ 5.4	\$ -	\$ -	\$ 66.6
Cost of service revenues	-	17.8	-	-	-	-	17.8

Sales and marketing expense	33.0	126.0	-	-	-	-	159.0
Research and development expense	0.2	74.1	-	2.6	-	-	76.9
General and administrative expense	-	34.3	-	-	-	-	34.3
Acquisition-related expense	-	-	-	9.8	-	-	9.8
Interest expense	-	-	-	-	52.9	-	52.9
Other income, net	-	-	-	-	-	(1.3)	(1.3)
Effect on income before income taxes	<u>\$ 89.0</u>	<u>\$ 257.6</u>	<u>\$ -</u>	<u>\$ 17.8</u>	<u>\$ 52.9</u>	<u>\$ (1.3)</u>	<u>\$ 416.0</u>

Year Ended April 29, 2011

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Restructuring and Other Charges</u>	<u>Acquisition-related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Gain on Investments</u>	<u>Total</u>
Cost of product revenues	\$ 13.3	\$ 3.6	\$ -	\$ -	\$ -	\$ -	\$ 16.9
Cost of service revenues	-	14.4	-	-	-	-	14.4
Sales and marketing expense	4.3	81.5	-	-	-	-	85.8
Research and development expense	0.1	44.5	-	-	-	-	44.6
General and administrative expense	-	31.2	-	-	-	-	31.2
Restructuring and other charges	-	-	1.8	-	-	-	1.8
Acquisition-related expense	-	-	-	5.7	-	-	5.7
Interest expense	-	-	-	-	53.1	-	53.1
Other income, net	-	-	-	-	-	(3.4)	(3.4)
Effect on income before income taxes	<u>\$ 17.7</u>	<u>\$ 175.2</u>	<u>\$ 1.8</u>	<u>\$ 5.7</u>	<u>\$ 53.1</u>	<u>\$ (3.4)</u>	<u>\$ 250.1</u>

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
FIRST QUARTER 2013
(Unaudited)

	First Quarter 2013
Non-GAAP Guidance	\$0.34 - \$0.39
Adjustments of Specific Items to Net Income Per Share for the First Quarter 2013:	
Amortization of intangible assets	(0.06)
Stock based compensation expense	(0.20)
Non cash interest expense	(0.04)
Income tax effect	0.06
Total Adjustments	(0.24)
GAAP Guidance -Net Income Per Share	\$0.10 - \$0.15



NetApp Q4 and Fiscal Year 2012 Earnings Results

Supplemental Commentary
May 23, 2012

This supplemental commentary is provided concurrently with our earnings press release to allow for additional time to review and analyze supplemental data prior to the company's earnings call. This information will not be read during the live call.

Safe Harbor Statement

These prepared remarks contain forward-looking statements and projections that involve risk and uncertainty, including the statements under the Q1 FY13 Outlook section regarding our forecasts for the first quarter of fiscal year 2013. Actual results may differ materially from our statements and projections for a variety of reasons, including general economic and market conditions, such as the macroeconomic environment and the flooding in Thailand, and matters specific to the company's business, such as customer demand for and acceptance of our products and services. These and other equally important factors are described in reports and documents we file from time to time with the Securities and Exchange Commission (SEC), including the factors described under the sections titled "Risk Factors" in our most recently submitted Annual and Quarterly Reports on Forms 10-K and 10-Q, respectively. We disclaim any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

All numbers herein are stated in accordance with U.S. Generally Accepted Accounting Principles (GAAP) unless indicated otherwise. To see the reconciling items between our non-GAAP and GAAP financial information, refer to the tables at the end of this document, as well as in our press release and on our website.

Year over Year Overview

	FY2012	FY2011	Year/Year Growth
Net Revenue	\$ 6.23B	\$ 5.12B	22%
Non-GAAP Gross Margin	60.9%	65.6%	
Non-GAAP Operating Expenses	\$ 2.69B	\$ 2.34B	15%
Non-GAAP Income from Operations	\$ 1.11B	\$ 1.02B	8%
Non-GAAP Operating Margin	17.8%	20.0%	
Non-GAAP Net Income per Share, Diluted	\$ 2.41	\$ 2.20	10%

Fiscal year 2012 net revenue was \$6.23 billion, an increase of 22% over fiscal year 2011, driven primarily by increased product revenues. Non-GAAP gross margins were 60.9%, reflecting the addition of the lower margin E-Series OEM revenues.

Revenue growth of 22% year over year outpaced non-GAAP operating expense growth of 15%. Non-GAAP operating margin was 17.8% for fiscal year 2012. Profitability gains are reflected in the 10% year over year increase in non-GAAP net income per share.

Q4 Fiscal Year 2012

Revenue

	Q4 FY12 Revenue	% of Q4 FY12 Net Revenue	Sequential Growth ¹	Year/Year Growth
Product Revenue	\$ 1,165M	68%	10%	21%
Software Entitlements & Maintenance	\$ 213M	13%	4%	14%
Service	\$ 325M	19%	9%	16%
Net Revenue	\$ 1,703M	100%	9%	19%

Net revenue for the fourth quarter was \$1,703 million, an increase of 9% sequentially and 19% year over year. Foreign currency fluctuations² had an immaterial impact on revenue, on both a sequential and a year over year basis.

Product revenue grew to \$1,165 million, an increase of 10% sequentially and 21% year over year. Product revenue was 68% of net revenue in Q4, similar to the prior quarter.

Revenue from software entitlements and maintenance (SEM), which is a deferred revenue element and recognized over the related contract period, was \$213 million or 13% of net revenue. SEM revenue grew 4% sequentially and 14% year over year.

Service revenue was \$325 million, an increase of 9% sequentially and 16% year over year. Service revenue was 19% of total revenue, similar to the prior quarter.

- Revenue from hardware maintenance support contracts, which is also a deferred revenue element constituted approximately 69% of our service revenue this quarter and increased 7% sequentially and 20% year over year.
- Professional services revenue grew 11% from the prior quarter and 5% year over year.

¹ Sequential growth calculations are based upon Q3 FY12 results which can be found at investors.netapp.com

² Foreign currency effects represent the changes in the average foreign exchange rates between the current period and the comparative periods (or, in the case of deferred revenue, the exchange rate in effect when the transaction was invoiced), less current period net gains or losses on revenue hedging activities.

Gross Margin

	Q4 FY12	Q3 FY12	Q4 FY11
Non-GAAP Gross Margin	59.6%	59.4%	65.5%
Product	52.9%	52.7%	61.0%
S/W Entitlements & Maintenance	96.8%	97.0%	97.4%
Services	59.2%	57.5%	60.0%

Operating Expenses

	Q4 FY12	Q3 FY12	Q4 FY11
Non-GAAP Operating Expenses	\$ 709M	\$ 671M	\$ 663M

Non-GAAP operating expenses were \$709 million, an increase of 6% sequentially and 7% year over year. Non-GAAP operating expenses in Q4 were 42% of net revenue, compared to 43% reported in the prior quarter.

In the fourth quarter, our headcount increased by 47 net new employees for a total global headcount of 12,149.

GAAP operating expenses included \$55 million in non-cash stock-based compensation, down from \$69 million in the prior quarter. Additional GAAP operating items were \$7 million in amortization of intangible assets and \$2 million in acquisition-related expenses for Engenio integration activities.

Income from Operations, Other Income & Effective Tax Rate

	Q4 FY12	Q3 FY12	Q4 FY11
Non-GAAP Income from Operations	\$ 305M	\$ 258M	\$ 273M
% of Net Revenue	17.9%	16.5%	19.1%
Non-GAAP Other Income, Net	\$ 7M	\$ 3M	\$ 8M
Non-GAAP Income Before Income Taxes	\$ 312M	\$ 262M	\$ 281M
Non-GAAP Effective Tax Rate	19.0%	17.4%	15.8%

Non-GAAP income from operations was \$305 million, an increase of 18% sequentially and 12% year over year. Non-GAAP operating margin was 17.9% of Q4 net revenue.

Non-GAAP other income, net was \$7 million. GAAP other expenses, net includes approximately \$14 million of non-cash interest expense associated with our convertible notes.

Non-GAAP income before income taxes was \$312 million, or 18.3% of net revenue in Q4, compared to 16.7% of net revenue in the prior quarter and 19.7% of net revenue in Q4 last year. Our Q4 non-GAAP effective tax rate was 19.0%.

Net Income

	Q4 FY12	Q3 FY12	Q4 FY11
Non-GAAP Net Income	\$ 252M	\$ 216M	\$ 237M
Weighted Average Common Shares Outstanding, diluted	382M	374M	404M
Non-GAAP Net Income per Share, diluted	\$ 0.66	\$ 0.58	\$ 0.59

Non-GAAP net income totaled \$252 million, or \$0.66 per share. GAAP net income was \$181 million or \$0.47 per share. The Q4 diluted share count was 382 million shares, an increase of approximately 8 million shares from the prior quarter.

Impact of Convertible Note Transaction on Share Count

	Q4 FY12	Q3 FY12	Q4 FY11
Convertible Notes ³	10M	6M	15M
Warrants	1M	--	8M

For Q4, our diluted share count was approximately 382 million, slightly higher than our guidance of approximately 378 million. With an average stock price of \$41.97 during the fourth quarter, both the convertible notes and warrants had a dilutive impact on our share count.

Whenever the average quarterly share price is above the notes' \$31.85 conversion price, our convertible notes will have a dilutive impact on our net income per share. We expect the dilutive effect from the notes will ultimately be 80% hedged, although the hedge will not be reflected in our share count until the notes are converted or mature in June 2013, as the hedge is considered anti-dilutive under GAAP. If the notes had been converted in Q4, the hedge would have reduced our share count by approximately 8 million shares.

Unlike the notes, the warrants are not hedged and are dilutive whenever the average quarterly stock price is above \$41.28.

³ 80% hedged on maturity or conversion of the convertible notes.

Select Balance Sheet Items

	Q4 FY12	Q3 FY12	Q4 FY11
Cash, Cash Equivalents & Investments	\$ 5.4B	\$ 4.9B	\$ 5.2B
Deferred Revenue	\$ 2.8B	\$ 2.5B	\$ 2.3B
DSO (days) ⁴	44	40	47
Inventory Turns ⁵	17.0	16.5	18.1

Cash, cash equivalents and short term investments ended the quarter with a balance of \$5.4 billion, an increase of \$532 million from Q3. This growth represents an increase of 11% sequentially and 4% year over year.

Similar to last quarter, 50% of our Q4 cash and investments balance was held in the U.S. Our balance sheet reflects a total deferred revenue balance of \$2.8 billion, an increase of 11% sequentially and 22% year over year.

Select Cash Flow Statement Items

	Q4 FY12	Q3 FY12	Q4 FY11
Net Cash Provided by Operating Activities	\$ 583M	\$ 269M	\$ 459M
Purchases of Property and Equipment	\$ 124M	\$ 91M	\$ 73M
Free Cash Flow ⁶	\$ 458M	\$ 178M	\$ 386M
Free Cash Flow as % of Total Revenue	27%	11%	27%

Net cash provided by operating activities was \$583 million, up \$314 million from last quarter, and up 27% from Q4 last year. Capital expenditures were \$124 million, an increase of \$33 million from last quarter. Free cash flow totaled \$458 million or 27% of revenue. Free cash flow increased \$280 million from Q3 and was up 19% from Q4 last year.

⁴ Days sales outstanding are defined as accounts receivable net divided by net revenue, multiplied by the number of days in the quarter.

⁵ Inventory turns are defined as annualized non-GAAP cost of revenues divided by net inventories.

⁶ Free cash flow is defined as net cash provided by operating activities less purchases of property and equipment.

Q1 FY13 Outlook

	Q1 FY13 Outlook
Revenue	\$1.4 to \$1.5B
	12% to 18% sequential decline
	4% decline to 3% growth year over year
Share Count	Approximately 380M
Non-GAAP Net Income per Share, Diluted	\$0.34 - \$0.39
GAAP Net Income per Share, Diluted	\$0.10 - \$0.15

NetApp's outlook reflects the normal slower seasonality of the first quarter and the increasing uncertainty in the broader macro environment. Dilutive share count includes the impact of our convertible notes and warrants, calculated based upon our average stock price of \$38.11 for the first 10 days of our first quarter of fiscal year 2013. We estimate share count for the first quarter of fiscal year 2013 will decrease slightly to approximately 380 million shares including an estimated 7 million shares from the Company's outstanding convertible notes. Share count does not include the Company's outstanding note hedge that is expected to offset 80% of the dilution from the convertible notes at maturity or conversion, which would offset approximately 5 million shares if the conversion or maturity were to occur in the first quarter.

Other Business Metrics

Geographic Mix

	% of Q4 FY12 Revenue	Q4 FY12 Revenue	Year/Year Growth
Americas	57%	\$ 966M	20%
<i>Americas Commercial</i>	44%	\$ 751M	30%
<i>U.S. Public Sector</i>	13%	\$ 215M	-6%
EMEA	31%	\$ 525M	8%
Asia Pacific	12%	\$ 212M	55%

Together, the Americas commercial and U.S. Public Sector contributed \$966 million or 57% of revenue, an increase of 13% sequentially and an increase of 20% year over year. The Americas commercial contributed \$751 million or 44% of revenue, an increase of 7% sequentially and 30% year over year. The U.S. public sector generated \$215 million or 13% of total revenue, an increase of 44% sequentially and down 6% year over year.

In the fourth quarter, EMEA contributed \$525 million or 31% of total revenue, flat compared to Q3 and an 8% increase year over year. Asia Pacific generated \$212 million or 12% of total revenue, growing 14% sequentially and 55% year over year.

Pathways Mix

	% of Q4 FY12 Revenue	% of Q3 FY12 Revenue	% of Q4 FY11 Revenue
Direct	21%	21%	25%
Indirect Pathways	79%	79%	75%
Arrow	18%	15%	19%
Avnet	13%	11%	12%
OEM Customers	12%	16%	4%

In the fourth quarter, direct revenue was 21% of total revenue, an increase of 9% sequentially and 2% year over year. Indirect pathways represented 79% of total revenue and grew 9% sequentially and 25% year over year.

Within the indirect pathway, Arrow accounted for 18% of total revenue and Avnet contributed 13% of total revenue. Revenue from OEM customers, including IBM, Fujitsu, and other E-Series customers, was 12% of total revenue.

Capacity Trends

(in Petabytes)	Q4 FY11	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12
Fibre Channel	65	76	61	69	54
ATA	476	493	543	622	626
SAS	170	190	262	315	481
Total	711	759	866	1,006	1,161

In Q4, we shipped 1.161 exabytes representing a 15% increase over the prior quarter and an increase of 63% year over year.

Additional Information

For more detailed information about our solutions, corporate strategy and our go-to-market initiatives, please visit our website at <http://investors.netapp.com>

NetApp Usage of Non-GAAP Financials

The Company refers to the non-GAAP financial measures cited above in making operating decisions because they provide meaningful supplemental information regarding the Company's ongoing operational performance. Non-GAAP net income excludes the amortization of intangible assets, stock-based compensation expenses, acquisition related income and expenses, restructuring and other charges, asset impairments, non-cash interest expense associated with our convertible debt, net losses or gains on investments, and our GAAP tax provision, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. We have excluded these items in order to enhance investors' understanding of our ongoing operations. The use of these non-GAAP financial measures has material limitations because they should not be used to evaluate our company without reference to their corresponding GAAP financial measures. As such, we compensate for these material limitations by using these non-GAAP financial measures in conjunction with GAAP financial measures.

These non-GAAP financial measures are used to: (1) measure company performance against historical results, (2) facilitate comparisons to our competitors' operating results, and (3) allow greater transparency with respect to information used by management in financial and operational decision making. In addition, these non-GAAP financial measures are used to measure company performance for the purposes of determining employee incentive plan compensation. We have historically reported similar non-GAAP financial measures to our investors and believe that the inclusion of comparative numbers provides consistency in our financial reporting at this time.

NETAPP, INC.
RECONCILIATION OF NON-GAAP AND GAAP
IN THE CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except net income per share amounts)
(Unaudited)

	<u>Three Months Ended</u>			<u>Year Ended</u>	
	<u>April 27, 2012</u>	<u>January 27, 2012</u>	<u>April 29, 2011</u>	<u>April 27, 2012</u>	<u>April 29, 2011</u>
SUMMARY RECONCILIATION OF NET INCOME					
NET INCOME	\$ 180.7	\$ 119.6	\$ 160.6	\$ 605.4	\$ 673.1
Adjustments:					
Amortization of intangible assets	21.4	21.6	4.3	89.0	17.7
Stock-based compensation	59.8	76.7	48.4	257.6	175.2
Restructuring and other charges	-	-	2.4	-	1.8
Acquisition-related expense	2.4	3.5	4.8	17.8	5.7
Non-cash interest expense	14.2	13.5	13.9	52.9	53.1
Gain on investments	(0.6)	(0.7)	(0.9)	(1.3)	(3.4)
Income tax effect of non-GAAP adjustments	(25.5)	(18.2)	3.2	(95.2)	(57.5)
NON-GAAP NET INCOME	<u>\$ 252.4</u>	<u>\$ 216.0</u>	<u>\$ 236.7</u>	<u>\$ 926.2</u>	<u>\$ 865.7</u>
DETAILED RECONCILIATION OF SPECIFIC ITEMS:					
COST OF REVENUES	\$ 707.5	\$ 657.0	\$ 500.1	\$ 2,519.8	\$ 1,793.9
Adjustments:					
Amortization of intangible assets	(14.0)	(13.9)	(3.1)	(55.8)	(13.3)
Stock-based compensation	(5.3)	(7.3)	(4.8)	(23.2)	(18.0)
Acquisition-related expense	-	-	-	(5.4)	-
NON-GAAP COST OF REVENUES	<u>\$ 688.2</u>	<u>\$ 635.8</u>	<u>\$ 492.2</u>	<u>\$ 2,435.4</u>	<u>\$ 1,762.6</u>
COST OF PRODUCT REVENUES	\$ 564.0	\$ 517.8	\$ 379.1	1,979.9	1,342.0
Adjustments:					
Amortization of intangible assets	(14.0)	(13.9)	(3.1)	(55.8)	(13.3)
Stock-based compensation	(1.3)	(1.6)	(1.0)	(5.4)	(3.6)
Acquisition-related expense	-	-	-	(5.4)	-
NON-GAAP COST OF PRODUCT REVENUES	<u>\$ 548.7</u>	<u>\$ 502.3</u>	<u>\$ 375.0</u>	<u>\$ 1,913.3</u>	<u>\$ 1,325.1</u>
COST OF SERVICE REVENUES	\$ 136.7	\$ 133.0	\$ 116.2	516.0	436.2
Adjustment:					
Stock-based compensation	(4.0)	(5.7)	(3.8)	(17.8)	(14.4)
NON-GAAP COST OF SERVICE REVENUES	<u>\$ 132.7</u>	<u>\$ 127.3</u>	<u>\$ 112.4</u>	<u>\$ 498.2</u>	<u>\$ 421.8</u>
GROSS PROFIT	\$ 995.0	\$ 908.5	\$ 928.2	\$ 3,713.4	\$ 3,328.7
Adjustments:					
Amortization of intangible assets	14.0	13.9	3.1	55.8	13.3
Stock-based compensation	5.3	7.3	4.8	23.2	18.0
Acquisition-related expense	-	-	-	5.4	-
NON-GAAP GROSS PROFIT	<u>\$ 1,014.3</u>	<u>\$ 929.7</u>	<u>\$ 936.1</u>	<u>\$ 3,797.8</u>	<u>\$ 3,360.0</u>
SALES AND MARKETING EXPENSES	\$ 478.1	\$ 477.0	\$ 462.6	\$ 1,864.0	\$ 1,597.0
Adjustments:					
Amortization of intangible assets	(7.4)	(7.6)	(1.1)	(33.0)	(4.3)
Stock-based compensation	(29.5)	(37.5)	(22.4)	(126.0)	(81.5)
NON-GAAP SALES AND MARKETING EXPENSES	<u>\$ 441.2</u>	<u>\$ 431.9</u>	<u>\$ 439.1</u>	<u>\$ 1,705.0</u>	<u>\$ 1,511.2</u>
RESEARCH AND DEVELOPMENT EXPENSES	\$ 221.6	\$ 208.3	\$ 176.5	\$ 828.2	\$ 648.6
Adjustments:					
Amortization of intangible assets	-	(0.1)	(0.1)	(0.2)	(0.1)
Stock-based compensation	(17.1)	(22.8)	(12.9)	(74.1)	(44.5)
Acquisition-related expense	-	-	-	(2.6)	-
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	<u>\$ 204.5</u>	<u>\$ 185.4</u>	<u>\$ 163.5</u>	<u>\$ 751.3</u>	<u>\$ 604.0</u>

GENERAL AND ADMINISTRATIVE EXPENSES	\$ 71.5	\$ 63.2	\$ 69.0	\$ 264.9	\$ 251.3
Adjustment:					
Stock-based compensation	(7.9)	(9.1)	(8.3)	(34.3)	(31.2)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 63.6</u>	<u>\$ 54.1</u>	<u>\$ 60.7</u>	<u>\$ 230.6</u>	<u>\$ 220.1</u>
OPERATING EXPENSES	\$ 773.6	\$ 752.0	\$ 715.3	\$ 2,966.9	\$ 2,504.4
Adjustments:					
Amortization of intangible assets	(7.4)	(7.7)	(1.2)	(33.2)	(4.4)
Stock-based compensation	(54.5)	(69.4)	(43.6)	(234.4)	(157.2)
Restructuring and other charges	-	-	(2.4)	-	(1.8)
Acquisition-related expense	(2.4)	(3.5)	(4.8)	(12.4)	(5.7)
NON-GAAP OPERATING EXPENSES	<u>\$ 709.3</u>	<u>\$ 671.4</u>	<u>\$ 663.3</u>	<u>\$ 2,686.9</u>	<u>\$ 2,335.3</u>
INCOME FROM OPERATIONS	\$ 221.4	\$ 156.5	\$ 212.9	\$ 746.5	\$ 824.3
Adjustments:					
Amortization of intangible assets	21.4	21.6	4.3	89.0	17.7
Stock-based compensation	59.8	76.7	48.4	257.6	175.2
Restructuring and other charges	-	-	2.4	-	1.8
Acquisition-related expense	2.4	3.5	4.8	17.8	5.7
NON-GAAP INCOME FROM OPERATIONS	<u>\$ 305.0</u>	<u>\$ 258.3</u>	<u>\$ 272.8</u>	<u>\$ 1,110.9</u>	<u>\$ 1,024.7</u>
TOTAL OTHER EXPENSE, NET	\$ (6.9)	\$ (9.6)	\$ (4.8)	\$ (34.1)	\$ (30.2)
Adjustment:					
Non-cash interest expense	14.2	13.5	13.9	52.9	53.1
Gain on investments	(0.6)	(0.7)	(0.9)	(1.3)	(3.4)
NON-GAAP TOTAL OTHER INCOME, NET	<u>\$ 6.7</u>	<u>\$ 3.2</u>	<u>\$ 8.2</u>	<u>\$ 17.5</u>	<u>\$ 19.5</u>
INCOME BEFORE INCOME TAXES	\$ 214.5	\$ 146.9	\$ 208.1	\$ 712.4	\$ 794.1
Adjustments:					
Amortization of intangible assets	21.4	21.6	4.3	89.0	17.7
Stock-based compensation	59.8	76.7	48.4	257.6	175.2
Restructuring and other charges	-	-	2.4	-	1.8
Acquisition-related expense	2.4	3.5	4.8	17.8	5.7
Non-cash interest expense	14.2	13.5	13.9	52.9	53.1
Gain on investments	(0.6)	(0.7)	(0.9)	(1.3)	(3.4)
NON-GAAP INCOME BEFORE INCOME TAXES	<u>\$ 311.7</u>	<u>\$ 261.5</u>	<u>\$ 281.0</u>	<u>\$ 1,128.4</u>	<u>\$ 1,044.2</u>
PROVISION FOR INCOME TAXES	\$ 33.8	\$ 27.3	\$ 47.5	\$ 107.0	\$ 121.0
Adjustment:					
Income tax effect of non-GAAP adjustments	25.5	18.2	(3.2)	95.2	57.5
NON-GAAP PROVISION FOR INCOME TAXES	<u>\$ 59.3</u>	<u>\$ 45.5</u>	<u>\$ 44.3</u>	<u>\$ 202.2</u>	<u>\$ 178.5</u>
NET INCOME PER SHARE	\$ 0.473	\$ 0.320	\$ 0.398	\$ 1.575	\$ 1.710
Adjustments:					
Amortization of intangible assets	0.056	0.058	0.011	0.232	0.045
Stock-based compensation	0.157	0.205	0.120	0.670	0.445
Restructuring and other charges	-	-	0.006	-	0.005
Acquisition-related expense	0.006	0.010	0.012	0.046	0.014
Non-cash interest expense	0.037	0.036	0.034	0.138	0.135
Gain on investments	(0.001)	(0.002)	(0.002)	(0.003)	(0.009)
Income tax effect of non-GAAP adjustments	(0.067)	(0.049)	0.008	(0.248)	(0.146)
NON-GAAP NET INCOME PER SHARE	<u>\$ 0.661</u>	<u>\$ 0.578</u>	<u>\$ 0.586</u>	<u>\$ 2.410</u>	<u>\$ 2.199</u>

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
FIRST QUARTER 2013
(Unaudited)

	First Quarter 2013
Non-GAAP Guidance	\$0.34 - \$0.39
Adjustments of Specific Items to Net Income Per Share for the First Quarter 2013:	
Amortization of intangible assets	(0.06)
Stock based compensation expense	(0.20)
Non cash interest expense	(0.04)
Income tax effect	0.06
Total Adjustments	(0.24)
GAAP Guidance -Net Income Per Share	\$0.10 - \$0.15