
**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): **November 14, 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))

Item 2.02 Results of Operations and Financial Condition.

On November 14, 2012, NetApp, Inc. (“NetApp” or the “Company”) issued a press release and supplemental commentary reporting financial results for the second quarter ended October 26, 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, ongoing 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 7.01 Regulation FD Disclosure.

On November 14, 2012, the Company's board of directors approved an increase of \$1.5 to its stock repurchase program. Under this program, the Company may purchase shares of its outstanding common stock through open market and privately negotiated transactions at prices deemed appropriate by management. The timing and amount of repurchase transactions under this program will depend on market conditions, corporate considerations, and regulatory requirements. The purchases will be funded from available working capital.

The information in this Item 7.01 shall be deemed "filed" for purposes of Section 18 of the Exchange Act and shall be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit	Description
99.1	Press release, dated November 14, 2012, reporting earnings for the fiscal quarter ended October 26, 2012.
99.2	Supplemental Commentary, dated November 14, 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)

November 14, 2012

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

Index to Exhibits

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99.2	Supplemental Commentary, dated November 14, 2012.

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NETAPP ANNOUNCES RESULTS FOR SECOND QUARTER FISCAL YEAR 2013

Reports Q2 FY'13 Revenues of \$1.541 Billion; Non-GAAP Earnings per Share of \$0.51

Company Increases Stock Repurchase Authorization

Sunnyvale, Calif.—November 14, 2012—NetApp (NASDAQ: NTAP) today reported results for the second quarter of fiscal year 2013, which ended October 26, 2012. Revenues for the second quarter of fiscal year 2013 totaled \$1.541 billion and were in line with prior guidance. Revenues for the same period a year ago totaled \$1.507 billion.

For the second quarter of fiscal year 2013, GAAP net income was \$110 million, or \$0.30 per share,¹ compared to GAAP net income of \$166 million, or \$0.44 per share for the same period a year ago. Non-GAAP net income for the second quarter of fiscal year 2013 was \$189 million, or \$0.51 per share,² compared to non-GAAP net income of \$236 million, or \$0.63 per share for the same period a year ago.

Revenues for the first six months of fiscal year 2013 totaled \$2.986 billion compared to revenues of \$2.965 billion for the first six months of the prior fiscal year. GAAP net income for the first six months of fiscal year 2013 totaled \$173 million, or \$0.47 per share, compared to GAAP net income of \$305 million, or \$0.78 per share for the first six months of the prior fiscal year. Non-GAAP net income for the first six months of fiscal year 2013 totaled \$345 million, or \$0.93 per share, compared to non-GAAP net income of \$458 million, or \$1.17 per share for the first six months of the prior fiscal year.

“NetApp produced healthy financial results in the second quarter with revenue roughly at the midpoint of and EPS above our guidance range, despite a difficult environment. We saw a strong uptake of NetApp® Data ONTAP® 8 and clustered Data ONTAP, as customers are looking to build agile data infrastructure environments with intelligent data management, nearly unlimited scalability, and nondisruptive operations,” said Tom Georgens, president and CEO. “We also saw momentum in our partnering strategy with continued FlexPod® growth and a record high revenue contribution from Arrow and Avnet. Our focus on delivering best-of-breed storage solutions and the leverage we gain through go-to-market and channel partners will enable NetApp to grow our business and gain share.”

NetApp also announces it will continue its share repurchase program with an additional \$1.5 billion authorized. Under this program, NetApp can purchase shares of its outstanding common stock through open market and in privately negotiated transactions at prices deemed appropriate by management. The timing and amount of repurchase transactions under the program will depend on market conditions, corporate considerations, and regulatory requirements. The purchases will be funded from available working capital.

Outlook

NetApp's outlook for the third quarter of fiscal year 2013 is based on current business expectations, market conditions, and continued uncertainty in the macroeconomic environment.

- NetApp estimates revenue for the third quarter of fiscal year 2013 to be in the range of \$1.575 billion to \$1.675 billion.
- NetApp estimates GAAP earnings per share for the third quarter of fiscal year 2013 to be approximately \$0.29 to \$0.34 per share. NetApp estimates non-GAAP earnings per share for the third quarter of fiscal year 2013 to be approximately \$0.53 to \$0.58 per share.
- NetApp estimates that the share count for the third quarter of fiscal year 2013 will decrease to approximately 365 million shares.

Business Highlights

NetApp is built on a culture of innovation that aims to provide customers with the best experience possible. This comes not only from NetApp's direct relationship with customers, but also by delivering compelling technology solutions and forging best-in-class partnerships.

In its second quarter of fiscal year 2013, NetApp's culture of innovation was on display across every aspect of its business. NetApp continued to strengthen and extend its best-of-breed partner ecosystem by announcing new joint solutions and key integrations with industry leaders such as Cisco, Microsoft, VMware, Oracle, and Citrix that will help customers of all sizes accelerate their businesses. A foundational component to several of the new joint offerings is NetApp's Data ONTAP, the world's #1 storage operating system.

Highlights include:

NetApp Announces Definitive Agreement to Acquire CacheIQ, Inc.

- NetApp has entered into a definitive agreement to acquire CacheIQ, Inc., a privately held storage solutions company based in Austin, Texas. The acquisition will provide NetApp with intellectual property that extends its capabilities to support nondisruptive operations for enterprise data center environments. NetApp will integrate this intellectual property into its product offerings over time. Financial terms of the acquisition are not being disclosed at this time.

Best-in-Class Partner Integration Fuels Innovation for Customers

- **NetApp and Cisco expand data center infrastructure solutions for midsized businesses to large enterprises.** The FlexPod data center platform now features support and validation for VMware vSphere on NetApp clustered Data ONTAP to help organizations drive growth by adding nodes to their storage cluster creating large storage pools that span storage devices and can scale almost infinitely. The two companies also introduced ExpressPod, a prepackaged and tested solution for growing small and medium-sized organizations that require increased IT efficiency and simplicity. Celebrating its two-year anniversary, more than 1,500 organizations in 35 countries are accelerating their transition to the cloud with FlexPod. Additionally, more than 660 certified FlexPod Partners around the world are helping these customers deploy their infrastructures more quickly and easily.

- **NetApp and Microsoft technology collaboration drives public, private, and hybrid cloud migration.** NetApp announced support for Windows Server 2012 with storage solutions for server and desktop virtualization, storage and availability, Web and application platform development, and private cloud deployment. For organizations of any size and in any industry, this close collaboration simplifies and accelerates how storage is pooled, provisioned, accessed, and managed in Windows environments.
- **NetApp and VMware team up to accelerate customers' transition to an agile data infrastructure.** NetApp and VMware continue to build on their nearly 10 year partnership by unveiling integration between VMware vSphere 5.1 and NetApp clustered Data ONTAP. The integration will also enable customers to securely manage and deploy infinite storage pools and to deliver nondisruptive migration of data among hundreds of virtual machines at a time. Customers will be able to achieve continuous data access and uninterrupted business operations as their infrastructures grow and scale in capacity and performance.
- **NetApp and Oracle integration helps customers reduce cost and complexity of managing business-critical applications.** NetApp achieved Oracle Validated Integration of the NetApp Storage System Plug-In version 1.0 with Oracle Enterprise Manager 12c, extending the application-to-disk coverage of Oracle Enterprise Manager environments that include NetApp managed storage. As a result, customers will benefit from improved risk management and smoother upgrade capabilities, leading to lower total cost of ownership and greater overall satisfaction.
- **NetApp and Citrix collaborate to simplify cloud storage.** NetApp and Citrix announced an extension of their current collaboration aimed at accelerating the adoption of enterprise cloud deployments. The two companies will provide a fully integrated cloud orchestration and storage solution that will address storage automation, resource allocation, and virtual machine backup and recovery. The move greatly simplifies cloud storage deployment for customers and will result in faster transitions to private and hybrid clouds.

NetApp Enhances Flash Portfolio and Ecosystem

- **NetApp Flash Accel helps customers enhance application and server performance.** NetApp introduced NetApp Flash Accel to speed customer application performance by turning server-side Flash into a cache for storing "hot," frequently accessed data. From servers to their back-end storage, cost- and performance-conscious system architects can now balance how Flash is used within their organizations to maximize application performance, minimize rising IT costs, preserve high availability, protect data, and simplify management. NetApp also expanded its Alliance Partner Program to embrace hardware and software server-caching partners looking to develop solutions with NetApp. This will provide the widest coverage for joint customers' infrastructures as they deploy server-side caching to deliver increased ROI.

- **NetApp signs technology reseller agreement with Fusion-io.** As part of its commitment to providing customers with end-to-end Flash technologies, NetApp entered into a resale agreement with Fusion-io, a leader in Flash memory solutions. NetApp will continue to resell Fusion-io ioMemory platform products and two server caching software products: ioTurbine for virtualized environments and Direct Cache for nonvirtualized environments.

NetApp Recognized for Its Culture and Innovative Spirit

- **NetApp repeats as one of the world's most innovative companies.** For the second consecutive year, NetApp made *Forbes* magazine's "World's Most Innovative Companies" list for 2012. As the only storage vendor to make this year's list, the recognition is a testament to NetApp's 20 years of innovation and true innovative spirit which continues to thrive today to help customers and partners achieve great business outcomes.
- **NetApp cements its standing as one of the world's best places to work.** NetApp was named the #3 best workplace in the world by the Great Place to Work Institute on November 13, 2012. It marks the second consecutive year that NetApp finished in the top 5 of this exclusive list and is a testament to the company's unique workplace culture and commitment to employee excellence which help produce great results for NetApp customers and partners.

Webcast and Conference Call Information

The NetApp second quarter fiscal year 2013 conference call will be broadcast live on the Internet at investors.netapp.com on Wednesday, November 14, 2012, at 2 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 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. Our commitment to living our core values and consistently being recognized as a great place to work around the world are fundamental to our long-term growth and success, as well as the success of our pathway partners and customers. 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 third quarter of fiscal year 2013, the benefits to us and our customers of our products and services, the expected benefits of partnerships and alliances, and our statements regarding future repurchases of our common stock, 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, and the continuing deliberations regarding future tax and fiscal policy in the U.S.; 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.

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NetApp, the NetApp logo, Go further, faster, Data ONTAP, Flash Accel and FlexPod are trademarks of NetApp, Inc. All other marks are the property of their respective owners.

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.

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>October 26,</u> <u>2012</u>	<u>April 27, 2012</u>
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 5,571.0	\$ 5,398.5
Accounts receivable, net	615.0	830.9
Inventories	213.2	161.5
Other current assets	488.5	435.6
Total current assets	<u>6,887.7</u>	<u>6,826.5</u>
Property and equipment, net	1,132.4	1,137.2
Goodwill and other intangible assets, net	1,098.3	1,141.2
Other non-current assets	435.5	427.4
Total assets	<u>\$ 9,553.9</u>	<u>\$ 9,532.3</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 246.6	\$ 233.1
Accrued compensation and other current liabilities	689.2	717.9
1.75% Convertible Senior Notes due 2013	1,229.4	1,202.3
Short-term deferred revenue	1,408.5	1,366.5
Total current liabilities	<u>3,573.7</u>	<u>3,519.8</u>
Other long-term liabilities	216.3	206.9
Long-term deferred revenue	1,361.7	1,449.4
Total liabilities	<u>5,151.7</u>	<u>5,176.1</u>
1.75% Convertible Senior Notes due 2013	-	62.6
Stockholders' equity	4,402.2	4,293.6
Total liabilities and stockholders' equity	<u>\$ 9,553.9</u>	<u>\$ 9,532.3</u>

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

	Three Months Ended		Six Months Ended	
	October 26, 2012	October 28, 2011	October 26, 2012	October 28, 2011
Revenues:				
Product	\$ 995.8	\$ 1,016.2	\$ 1,893.8	\$ 1,981.9
Software entitlements and maintenance	219.4	198.0	437.9	396.2
Service	326.0	292.8	654.1	587.1
Net revenues	<u>1,541.2</u>	<u>1,507.0</u>	<u>2,985.8</u>	<u>2,965.2</u>
Cost of revenues:				
Cost of product	477.3	460.7	929.5	898.1
Cost of software entitlements and maintenance	7.0	5.6	13.6	10.9
Cost of service	143.0	127.7	278.7	246.3
Total cost of revenues	<u>627.3</u>	<u>594.0</u>	<u>1,221.8</u>	<u>1,155.3</u>
Gross profit	<u>913.9</u>	<u>913.0</u>	<u>1,764.0</u>	<u>1,809.9</u>
Operating expenses:				
Sales and marketing	488.2	454.1	971.1	908.9
Research and development	223.8	199.7	445.2	398.3
General and administrative	66.6	65.1	132.2	130.2
Acquisition-related expense	-	1.7	-	3.9
Total operating expenses	<u>778.6</u>	<u>720.6</u>	<u>1,548.5</u>	<u>1,441.3</u>
Income from operations	135.3	192.4	215.5	368.6
Other expense, net				
Interest income	11.0	8.3	21.8	18.9
Interest expense	(19.8)	(16.4)	(39.7)	(35.8)
Other income (expense), net	1.2	(0.4)	4.3	(0.7)
Total other expense, net	<u>(7.6)</u>	<u>(8.5)</u>	<u>(13.6)</u>	<u>(17.6)</u>
Income before income taxes	127.7	183.9	201.9	351.0
Provision for income taxes	<u>18.1</u>	<u>18.3</u>	<u>28.5</u>	<u>45.9</u>
Net income	<u>\$ 109.6</u>	<u>\$ 165.6</u>	<u>\$ 173.4</u>	<u>\$ 305.1</u>
Net income per share:				
Basic	<u>\$ 0.30</u>	<u>\$ 0.46</u>	<u>\$ 0.48</u>	<u>\$ 0.83</u>
Diluted	<u>\$ 0.30</u>	<u>\$ 0.44</u>	<u>\$ 0.47</u>	<u>\$ 0.78</u>
Shares used in net income per share calculations:				
Basic	<u>362.0</u>	<u>361.5</u>	<u>364.1</u>	<u>365.9</u>
Diluted	<u>368.2</u>	<u>376.0</u>	<u>369.7</u>	<u>390.8</u>

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

	Three Months Ended		Six Months Ended	
	October 26, 2012	October 28, 2011	October 26, 2012	October 28, 2011
Cash flows from operating activities:				
Net income	\$ 109.6	\$ 165.6	\$ 173.4	\$ 305.1
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	86.7	68.4	169.1	136.9
Stock-based compensation	65.0	63.0	144.2	121.1
Accretion of discount and issuance costs on Notes	14.4	11.5	28.7	25.2
Tax benefit from stock-based compensation	37.0	50.4	28.2	79.1
Excess tax benefit from stock-based compensation	(38.7)	(52.6)	(43.6)	(84.7)
Other, net	(15.9)	(43.8)	(39.9)	(74.4)
Changes in assets and liabilities, net of acquisition of business:				
Accounts receivable	(31.3)	(29.4)	212.9	115.6
Inventories	(9.5)	(25.1)	(51.7)	(18.3)
Accounts payable	(28.0)	22.8	13.9	45.6
Accrued compensation and other current liabilities	130.8	75.2	(15.9)	(173.1)
Deferred revenue	4.4	60.2	(42.6)	126.9
Changes in other operating assets and liabilities, net	11.9	4.0	(11.1)	5.8
Net cash provided by operating activities	<u>336.4</u>	<u>370.2</u>	<u>565.6</u>	<u>610.8</u>
Cash flows from investing activities:				
Redemptions (purchases) of investments, net	159.5	(205.4)	93.4	40.4
Purchases of property and equipment	(67.1)	(93.3)	(129.0)	(191.6)
Acquisition of business	-	-	-	(480.0)
Other investing activities, net	1.5	0.3	2.8	2.0
Net cash provided by (used in) investing activities	<u>93.9</u>	<u>(298.4)</u>	<u>(32.8)</u>	<u>(629.2)</u>
Cash flows from financing activities:				
Issuance of common stock	10.1	5.3	45.1	51.9
Repurchase and retirement of common stock	(198.3)	(400.0)	(348.3)	(600.0)
Excess tax benefit from stock-based compensation	38.7	52.6	43.6	84.7
Other financing activities, net	1.7	1.3	(0.3)	1.6
Net cash used in financing activities	<u>(147.8)</u>	<u>(340.8)</u>	<u>(259.9)</u>	<u>(461.8)</u>
Effect of exchange rate changes on cash and cash equivalents	4.9	(5.2)	(5.9)	(8.1)
Net increase (decrease) in cash and cash equivalents	287.4	(274.2)	267.0	(488.3)
Cash and cash equivalents:				
Beginning of period	1,529.4	2,543.2	1,549.8	2,757.3
End of period	<u>\$ 1,816.8</u>	<u>\$ 2,269.0</u>	<u>\$ 1,816.8</u>	<u>\$ 2,269.0</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>Six Months Ended</u>	
	<u>October 26, 2012</u>	<u>October 28, 2011</u>	<u>October 26, 2012</u>	<u>October 28, 2011</u>
<u>SUMMARY RECONCILIATION OF NET INCOME</u>				
NET INCOME	\$ 109.6	\$ 165.6	173.4	305.1
Adjustments:				
Amortization of intangible assets	21.5	21.7	42.9	46.0
Stock-based compensation	65.0	63.0	144.2	121.1
Acquisition-related expense	-	1.7	-	11.9
Non-cash interest expense	14.4	11.5	28.7	25.2
Income tax effect of non-GAAP adjustments	(21.5)	(28.0)	(43.8)	(51.5)
NON-GAAP NET INCOME	<u>\$ 189.0</u>	<u>\$ 235.5</u>	<u>\$ 345.4</u>	<u>\$ 457.8</u>
NET INCOME PER SHARE				
	\$ 0.298	\$ 0.440	0.469	0.781
Adjustments:				
Amortization of intangible assets	0.058	0.058	0.116	0.118
Stock-based compensation	0.176	0.168	0.390	0.310
Acquisition-related expense	-	0.004	-	0.030
Non-cash interest expense	0.039	0.031	0.078	0.064
Income tax effect of non-GAAP adjustments	(0.058)	(0.075)	(0.119)	(0.132)
NON-GAAP NET INCOME PER SHARE	<u>\$ 0.513</u>	<u>\$ 0.626</u>	<u>\$ 0.934</u>	<u>\$ 1.171</u>

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

Three Months Ended October 26, 2012

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Total</u>
Cost of product revenues	\$ 13.9	\$ 1.5	\$ -	\$ -	\$ 15.4
Cost of service revenues	-	4.6	-	-	4.6
Sales and marketing expenses	7.6	30.9	-	-	38.5
Research and development expenses	-	19.3	-	-	19.3
General and administrative expenses	-	8.7	-	-	8.7
Interest expense	-	-	-	14.4	14.4
Effect on income before income taxes	<u>\$ 21.5</u>	<u>\$ 65.0</u>	<u>\$ -</u>	<u>\$ 14.4</u>	<u>\$ 100.9</u>

Six Months Ended October 26, 2012

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Total</u>
Cost of product revenues	\$ 27.9	\$ 3.3	\$ -	\$ -	\$ 31.2
Cost of service revenues	-	10.2	-	-	10.2
Sales and marketing expense	15.0	69.9	-	-	84.9
Research and development expense	-	43.0	-	-	43.0
General and administrative expense	-	17.8	-	-	17.8
Interest expense	-	-	-	28.7	28.7
Effect on income before income taxes	<u>\$ 42.9</u>	<u>\$ 144.2</u>	<u>\$ -</u>	<u>\$ 28.7</u>	<u>\$ 215.8</u>

Three Months Ended October 28, 2011

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Total</u>
Cost of product revenues	\$ 14.0	\$ 1.4	\$ -	\$ -	\$ 15.4
Cost of service revenues	-	4.2	-	-	4.2
Sales and marketing expenses	7.7	30.4	-	-	38.1
Research and development expenses	-	18.2	-	-	18.2
General and administrative expenses	-	8.8	-	-	8.8
Acquisition-related expense	-	-	1.7	-	1.7
Interest expense	-	-	-	11.5	11.5
Effect on income before income taxes	<u>\$ 21.7</u>	<u>\$ 63.0</u>	<u>\$ 1.7</u>	<u>\$ 11.5</u>	<u>\$ 97.9</u>

Six Months Ended October 28, 2011

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Total</u>
Cost of product revenues	\$ 27.9	\$ 2.5	\$ 5.4	\$ -	\$ 35.8
Cost of service revenues	-	8.1	-	-	8.1
Sales and marketing expense	18.0	59.0	-	-	77.0
Research and development expense	0.1	34.2	2.6	-	36.9
General and administrative expense	-	17.3	-	-	17.3
Acquisition-related expense	-	-	3.9	-	3.9
Interest expense	-	-	-	25.2	25.2
Effect on income before income taxes	<u>\$ 46.0</u>	<u>\$ 121.1</u>	<u>\$ 11.9</u>	<u>\$ 25.2</u>	<u>\$ 204.2</u>

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

	Third Quarter 2013
Non-GAAP Guidance - Net Income Per Share	\$0.53 - \$0.58
Adjustments of Specific Items to Net Income Per Share for the Third Quarter 2013:	
Amortization of intangible assets	(0.06)
Stock-based compensation expense	(0.21)
Non-cash interest expense	(0.04)
Income tax effect	0.07
Total Adjustments	(0.24)
GAAP Guidance - Net Income Per Share	\$0.29 - \$0.34

NetApp Q2 Fiscal Year 2013 Earnings Results

Supplemental Commentary

November 14, 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 Q3 FY13 Outlook section regarding our forecasts for the third 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 global macroeconomic environment and the continuing deliberations regarding future tax and fiscal policy in the U.S., 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.

All numbers herein are stated in accordance with U.S. Generally Accepted Accounting Principles (GAAP) unless indicated otherwise. To see the reconciling items between the 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.

Q2 Fiscal Year 2013

Revenue

	Q2 FY13 Revenue	% of Q2 FY13 Net Revenue	Sequential Change ¹	Year/Year Change ¹
Product Revenue	\$ 996M	65%	11%	-2%
Software Entitlements & Maintenance	\$ 219M	14%	0%	11%
Service	\$ 326M	21%	-1%	11%
Net Revenue	\$ 1,541M	100%	7%	2%

Net revenue for the second quarter was \$1,541 million, an increase of 7% sequentially and 2% year over year. Foreign currency fluctuations² were immaterial sequentially and had an unfavorable impact of one and a half percentage points on a year over year basis.

Product revenue was \$996 million, an increase of 11% sequentially and a decline of 2% year over year. Product revenue was 65% of net revenue in Q2, up from 62% the prior quarter.

Revenue from software entitlements and maintenance (SEM), which is a deferred revenue element and recognized over the related contract period, was \$219 million or 14% of revenue. SEM revenue was flat sequentially and increased 11% year over year.

Service revenue was \$326 million, a decrease of 1% sequentially and an increase of 11% year over year. Service revenue was 21% of net revenue in the second quarter, down from 23% in the first quarter.

- Revenue from hardware maintenance support contracts, which is also a deferred revenue element, comprised 74% of our service revenue this quarter and increased 2% sequentially and 16% year over year.
- Professional services revenue declined 10% from the prior quarter and 1% year over year.

¹ Sequential and year over year calculations are based upon prior 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 respective comparable period (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.

Branded and OEM Revenue

	Q2 FY13 Revenue	% of Q2 FY13 Net Revenue	Sequential Change ¹	Year/Year Change ¹
Branded Revenue	\$ 1331M	86%	8%	4%
OEM Revenue	\$ 210M	14%	0%	-9%
Net Revenue	\$ 1,541M	100%	7%	2%

Branded revenue includes revenue from all products and services sold directly by us or our partners under the NetApp brand, including NetApp branded E-Series products and solutions. Our OEM revenue comprises revenue from the sale of our products by other companies under their brands and includes revenue from IBM, Fujitsu, and other E-Series OEM relationships.

Gross Margin

	Q2 FY13	Q1 FY13	Q2 FY12
Non-GAAP Gross Margin	60.6%	60.3%	61.9%
Product	53.6%	51.4%	56.2%
S/W Entitlements & Maintenance	96.8%	97.0%	97.2%
Services	57.5%	60.3%	57.8%

Operating Expenses

	Q2 FY13	Q1 FY13	Q2 FY12
Non-GAAP Operating Expenses	\$ 712M	\$ 691M	\$ 654M

Non-GAAP operating expenses of \$712 million increased 3% from Q1 and 9% year over year. Q2 non-GAAP operating expenses were 46% of net revenue, compared to 48% in Q1.

Our global headcount increased to approximately 12,650 at the end of Q2 up from 12,450 at the end of Q1.

GAAP operating expenses included \$59 million in stock-based compensation, down from \$72 million in Q1, and \$8 million in amortization of intangible assets.

Income from Operations, Other Income & Effective Tax Rate

	Q2 FY13	Q1 FY13	Q2 FY12
Non-GAAP Income from Operations	\$ 222M	\$ 181M	\$ 279M
% of Net Revenue	14.4%	12.5%	18.5%
Non-GAAP Other Income, Net	\$ 7M	\$ 8M	\$ 3M
Non-GAAP Income Before Income Taxes	\$ 229M	\$ 189M	\$ 282M
Non-GAAP Effective Tax Rate	17.3%	17.3%	16.4%

Non-GAAP income from operations was \$222 million, an increase of 23% sequentially and a decrease of 20% year over year. Non-GAAP operating margin was 14.4% of Q2 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 \$229 million, or 14.8% of net revenue in Q2, compared to 13.1% of net revenue in the prior quarter and 18.7% of net revenue in Q2 last year. Our non-GAAP effective tax rate was 17.3%.

Net Income

	Q2 FY13	Q1 FY13	Q2 FY12
Non-GAAP Net Income	\$ 189M	\$ 156M	\$ 236M
Weighted Average Common Shares Outstanding, diluted	368M	371M	376M
Non-GAAP Net Income per Share, diluted	\$ 0.51	\$ 0.42	\$ 0.63

Non-GAAP net income was \$189 million, or \$0.51 per share. GAAP net income was \$110 million, or \$0.30 per share. Our diluted share count was 368 million shares, a decrease of approximately 3 million shares from the prior quarter.

Impact of Convertible Note Transaction on Share Count

	Q2 FY13	Q1 FY13	Q2 FY12
Convertible Notes ³	1M	0.2M	7M
Warrants	--	--	--

For Q2, diluted share count was approximately 368 million, lower than our previous guidance of approximately 370 million. With an average share price of \$32.65 during our second quarter, the convertible notes had a minimal impact on our share count. Since the average stock price was below the \$41.28 conversion price of the warrants, there was no share count impact from the warrants this quarter.

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 Q2, the hedge would have reduced our share count by approximately 800 thousand shares. Unlike the notes, the warrants are not hedged and are dilutive whenever the average quarterly stock price is above \$41.28.

Select Balance Sheet Items

	Q2 FY13	Q1 FY13	Q2 FY12
Cash, Cash Equivalents & Investments	\$ 5.57B	\$ 5.44B	\$ 4.64B
Deferred Revenue	\$ 2.77B	\$ 2.77B	\$ 2.44B
DSO (days) ⁴	36	37	38
Inventory Turns ⁵	11.4	11.3	14.1

Cash, cash equivalents and short-term investments totaled \$5.57 billion at the end of Q2, an increase of \$130 million from Q1 and \$929 million from Q2 last year. Of our cash, cash equivalents and investment balance, 44% was held in the U.S. At the end of Q2, total deferred revenue balance was \$2.77 billion, flat from Q1 and up \$332 million from Q2 last year.

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

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.

Select Cash Flow Statement Items

	Q2 FY13	Q1 FY13	Q2 FY12
Net Cash Provided by Operating Activities	\$ 336M	\$ 229M	\$ 370M
Purchases of Property and Equipment	\$ 67M	\$ 62M	\$ 93M
Free Cash Flow ⁶	\$ 269M	\$ 167M	\$ 277M
Free Cash Flow as % of Total Revenue	17%	12%	18%

Net cash provided by operating activities was \$336 million, an increase of 47% sequentially and a decrease of 9% year over year. Capital expenditures were \$67 million, an increase of 8% from last quarter. Free cash flow totaled \$269 million or 17% of revenue.

Q3 FY13 Outlook

	Q3 FY13 Outlook
Revenue	\$1.575 - \$1.675B 2% to 9% sequential growth 1% to 7% year over year growth
Share Count	Approximately 365M
Non-GAAP Net Income per Share, Diluted	\$0.53 - \$0.58
GAAP Net Income per Share, Diluted	\$0.29 - \$0.34

This outlook is based on current business expectations and market conditions and continued uncertainty in the macroeconomic environment. Dilutive share count includes the estimated impact of our convertible notes and warrants, calculated based upon our average stock price of \$27.66 for the first 8 trading days of our third quarter. We estimate share count for the third quarter of fiscal year 2013 will decrease to approximately 365 million shares. Since the average stock price is below the \$31.85 strike price for the convertible notes, the Q3 share count outlook does not include any estimate for the dilution associated with the Company's outstanding note hedge.

⁶ Free cash flow is a non-GAAP financial measure and is defined as net cash provided by operating activities less purchases of property and equipment.

Other Business Metrics

Geographic Mix

	% of Q2 FY13 Revenue	Q2 FY13 Revenue	Year/Year Change
Americas	58%	\$ 897M	0%
<i>Americas Commercial</i>	39%	\$ 605M	0%
<i>U.S. Public Sector</i>	19%	\$ 292M	1%
EMEA	28%	\$ 438M	2%
Asia Pacific	13%	\$ 206M	14%

Americas contributed \$897 million or 58% of revenue, an increase of 12% sequentially and flat year over year. The Americas includes U.S. commercial sector and U.S. public sector. The U.S. commercial sector contributed \$605 million or 39% of revenue, an increase of 1% sequentially and flat year over year. The U.S. public sector generated \$292 million or 19% of revenue, an increase of 45% sequentially and 1% year over year. EMEA contributed \$438 million or 28% of total revenue, no change sequentially and an increase of 2% year over year. Asia Pacific generated \$206 million or 13% of revenue, an increase of 1% from the prior quarter and 14% year over year.

Pathways Mix

	% of Q2 FY13 Revenue	% of Q1 FY13 Revenue	% of Q2 FY12 Revenue
Direct	18%	22%	20%
Indirect Pathways	82%	78%	80%
Arrow	20%	16%	18%
Avnet	15%	14%	13%
OEM Customers	14%	14%	15%

Direct revenue was 18% of Q2 revenue, a decrease of 10% sequentially and 8% year over year. Indirect pathways represented 82% of this quarter's revenue, an increase of 11% sequentially and an increase of 5% year over year.

Within the indirect pathways, Arrow accounted for 20% of Q2 revenues and Avnet contributed 15% of this quarter's revenue. Revenue from OEM customers, including IBM, Fujitsu, and other E-Series OEM customers, was 14% of net revenue.

Capacity Trends

(in Petabytes)	Q2 FY12*	Q3 FY12*	Q4 FY12*	Q1 FY13*	Q2 FY13
Fibre Channel	61	69	43	47	30
ATA	603	659	751	646	692
SAS	202	279	391	256	283
Total	866	1,007	1,185	949	1,005

*Recasted

In the above table, capacity shipped has been recasted for several quarters due to an underreporting of drives shipped in Q3 and Q4 of fiscal 2012 as well as Q1 of this fiscal year.

For Q2, we shipped over an exabyte of storage, an increase of 6% sequentially and 16% 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)

	Three Months Ended		
	October 26, 2012	July 27, 2012	October 28, 2011
SUMMARY RECONCILIATION OF NET INCOME			
NET INCOME	\$ 109.6	\$ 63.8	\$ 165.6
Adjustments:			
Amortization of intangible assets	21.5	21.4	21.7
Stock-based compensation	65.0	79.2	63.0
Acquisition-related expense	-	-	1.7
Non-cash interest expense	14.4	14.3	11.5
Income tax effect of non-GAAP adjustments	(21.5)	(22.3)	(28.0)
NON-GAAP NET INCOME	<u>\$ 189.0</u>	<u>\$ 156.4</u>	<u>\$ 235.5</u>
DETAILED RECONCILIATION OF SPECIFIC ITEMS:			
COST OF REVENUES	\$ 627.3	\$ 594.5	\$ 594.0
Adjustments:			
Amortization of intangible assets	(13.9)	(14.0)	(14.0)
Stock-based compensation	(6.1)	(7.4)	(5.6)
NON-GAAP COST OF REVENUES	<u>\$ 607.3</u>	<u>\$ 573.1</u>	<u>\$ 574.4</u>
COST OF PRODUCT REVENUES	\$ 477.3	\$ 452.2	\$ 460.7
Adjustments:			
Amortization of intangible assets	(13.9)	(14.0)	(14.0)
Stock-based compensation	(1.5)	(1.8)	(1.4)
NON-GAAP COST OF PRODUCT REVENUES	<u>\$ 461.9</u>	<u>\$ 436.4</u>	<u>\$ 445.3</u>
COST OF SERVICE REVENUES	\$ 143.0	\$ 135.7	\$ 127.7
Adjustment:			
Stock-based compensation	(4.6)	(5.6)	(4.2)
NON-GAAP COST OF SERVICE REVENUES	<u>\$ 138.4</u>	<u>\$ 130.1</u>	<u>\$ 123.5</u>
GROSS PROFIT	\$ 913.9	\$ 850.1	\$ 913.0
Adjustments:			
Amortization of intangible assets	13.9	14.0	14.0
Stock-based compensation	6.1	7.4	5.6
NON-GAAP GROSS PROFIT	<u>\$ 933.9</u>	<u>\$ 871.5</u>	<u>\$ 932.6</u>
SALES AND MARKETING EXPENSES	\$ 488.2	\$ 482.9	\$ 454.1
Adjustments:			
Amortization of intangible assets	(7.6)	(7.4)	(7.7)
Stock-based compensation	(30.9)	(39.0)	(30.4)
NON-GAAP SALES AND MARKETING EXPENSES	<u>\$ 449.7</u>	<u>\$ 436.5</u>	<u>\$ 416.0</u>
RESEARCH AND DEVELOPMENT EXPENSES	\$ 223.8	\$ 221.4	\$ 199.7
Adjustments:			
Stock-based compensation	(19.3)	(23.7)	(18.2)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	<u>\$ 204.5</u>	<u>\$ 197.7</u>	<u>\$ 181.5</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)

	Three Months Ended		
	October 26, 2012	July 27, 2012	October 28, 2011
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 66.6	\$ 65.6	\$ 65.1
Adjustment:			
Stock-based compensation	(8.7)	(9.1)	(8.8)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 57.9</u>	<u>\$ 56.5</u>	<u>\$ 56.3</u>
ACQUISITION-RELATED EXPENSE	\$ -	\$ -	\$ 1.7
Adjustment:			
Acquisition-related expense	-	-	(1.7)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPERATING EXPENSES	\$ 778.6	\$ 769.9	\$ 720.6
Adjustments:			
Amortization of intangible assets	(7.6)	(7.4)	(7.7)
Stock-based compensation	(58.9)	(71.8)	(57.4)
Acquisition-related expense	-	-	(1.7)
NON-GAAP OPERATING EXPENSES	<u>\$ 712.1</u>	<u>\$ 690.7</u>	<u>\$ 653.8</u>
INCOME FROM OPERATIONS	\$ 135.3	\$ 80.2	\$ 192.4
Adjustments:			
Amortization of intangible assets	21.5	21.4	21.7
Stock-based compensation	65.0	79.2	63.0
Acquisition-related expense	-	-	1.7
NON-GAAP INCOME FROM OPERATIONS	<u>\$ 221.8</u>	<u>\$ 180.8</u>	<u>\$ 278.8</u>
TOTAL OTHER EXPENSE, NET	\$ (7.6)	\$ (6.0)	\$ (8.5)
Adjustment:			
Non-cash interest expense	14.4	14.3	11.5
NON-GAAP TOTAL OTHER INCOME, NET	<u>\$ 6.8</u>	<u>\$ 8.3</u>	<u>\$ 3.0</u>
INCOME BEFORE INCOME TAXES	\$ 127.7	\$ 74.2	\$ 183.9
Adjustments:			
Amortization of intangible assets	21.5	21.4	21.7
Stock-based compensation	65.0	79.2	63.0
Acquisition-related expense	-	-	1.7
Non-cash interest expense	14.4	14.3	11.5
NON-GAAP INCOME BEFORE INCOME TAXES	<u>\$ 228.6</u>	<u>\$ 189.1</u>	<u>\$ 281.8</u>
PROVISION FOR INCOME TAXES	\$ 18.1	\$ 10.4	\$ 18.3
Adjustment:			
Income tax effect of non-GAAP adjustments	21.5	22.3	28.0
NON-GAAP PROVISION FOR INCOME TAXES	<u>\$ 39.6</u>	<u>\$ 32.7</u>	<u>\$ 46.3</u>
NET INCOME PER SHARE	\$ 0.298	\$ 0.172	\$ 0.440
Adjustments:			
Amortization of intangible assets	0.058	0.058	0.058
Stock-based compensation	0.176	0.213	0.168
Acquisition-related expense	-	-	0.004
Non-cash interest expense	0.039	0.038	0.031
Income tax effect of non-GAAP adjustments	(0.058)	(0.060)	(0.075)
NON-GAAP NET INCOME PER SHARE	<u>\$ 0.513</u>	<u>\$ 0.421</u>	<u>\$ 0.626</u>

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

	Third Quarter 2013
Non-GAAP Guidance - Net Income Per Share	\$0.53 - \$0.58
Adjustments of Specific Items to Net Income Per Share for the Third Quarter 2013:	
Amortization of intangible assets	(0.06)
Stock-based compensation expense	(0.21)
Non-cash interest expense	(0.04)
Income tax effect	0.07
Total Adjustments	(0.24)
GAAP Guidance - Net Income Per Share	\$0.29 - \$0.34