
**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 21, 2014

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 No.)

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 May 21, 2014, NetApp, Inc. (“NetApp” or the “Company”) issued a press release reporting financial results for the fourth quarter and year ended April 25, 2014. The press release is furnished herewith as Exhibit 99.1, and is incorporated herein by reference.

This exhibit 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 furnished herewith as Exhibit 99.1, provides 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 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

No.	Description
99.1	Press release, dated May 21, 2014, reporting earnings for the fiscal quarter and year ended April 25, 2014.

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 hereunto duly authorized.

NETAPP, INC.
(Registrant)

May 21, 2014

By:

/s/ Matthew K. Fawcett

Matthew K. Fawcett

Senior Vice President, General Counsel and
Corporate Secretary

Exhibit Index

Exhibit**No.**[99.1](#)**Description**

Press release, dated May 21, 2014, reporting earnings for the fiscal quarter and year ended April 25, 2014

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NETAPP REPORTS FOURTH QUARTER AND FISCAL YEAR 2014 RESULTS

Achieves Fourth Quarter and Full Fiscal Year Non-GAAP Earnings per Share Growth of 22% Year over Year

- Net revenues for Q4 of \$1.649 billion; \$6.325 billion for fiscal year 2014
- Branded revenue for fiscal year 2014 grew 4% year over year
- Cash from operations for fiscal year 2014 of \$1.350 billion; free cash flow 18% of revenue

Sunnyvale, CA—May 21, 2014—NetApp (NASDAQ: NTAP) today reported financial results for the fourth quarter and fiscal year 2014, ended April 25, 2014.

Fourth Quarter Financial Results

Net revenues for the fourth quarter of fiscal year 2014 were \$1.649 billion. GAAP net income for the fourth quarter of fiscal year 2014 was \$197 million, or \$0.59 per share,¹ compared to GAAP net income of \$174 million, or \$0.47 per share, for the comparable period of the prior year. Non-GAAP net income for the fourth quarter of fiscal year 2014 was \$284 million, or \$0.84 per share,² compared to non-GAAP net income of \$253 million, or \$0.69 per share, for the comparable period of the prior year.

Fiscal Year 2014 Financial Results

Net revenues for fiscal year 2014 were \$6.325 billion. GAAP net income for fiscal year 2014 was \$638 million, or \$1.83 per share,¹ compared to GAAP net income of \$505 million, or \$1.37 per share, for the comparable period of the prior year. Non-GAAP net income for fiscal year 2014 was \$968 million, or \$2.78 per share,² compared to non-GAAP net income of \$841 million, or \$2.28 per share, for the comparable period of the prior year.

Cash, Cash Equivalents, and Investments

NetApp ended fiscal year 2014 with \$5.003 billion of total cash, cash equivalents, and investments and generated \$1.350 billion in cash from operations. During fiscal year 2014, the Company returned \$2.084 billion to shareholders through share repurchases and cash dividends.

The Company increased the next dividend to \$0.165 per share to be paid on July 22, 2014 to shareholders of record as of the close of business on July 10, 2014.

“NetApp saw market share gains and delivered a solid operational performance in fiscal year 2014, highlighted by margin expansion and strong cash generation,” said Tom Georgens, Chairman and CEO. “With solutions like clustered Data ONTAP, our broad flash portfolio and differentiated approach to the cloud, customers are solving the challenges of today, with innovative solutions that pave the way for the future.”

Q1 Fiscal Year 2015 Outlook

The Company provides the following financial guidance for the first quarter of fiscal year 2015:

- Net revenues are expected to be in the range of \$1.420 billion to \$1.520 billion
- GAAP earnings per share is expected to be in the range of \$0.32 to \$0.37 per share
- Non-GAAP earnings per share is expected to be in the range of \$0.53 to \$0.58 per share

Business Highlights

In its fourth quarter of fiscal year 2014, NetApp continued to help global enterprises achieve success with one of the industry’s broadest portfolios of flash-accelerated, cloud-integrated storage and data management solutions. Its industry-leading enterprise storage systems and software meet customer needs across a wide range of application workloads. Highlights include:

- **NetApp Introduces Unified Scale-Out Storage Systems for the Hybrid Cloud Era.** The new FAS8000 series unified storage systems are NetApp’s most powerful and feature-rich scale-out storage systems with superior flexibility to simplify complex upgrades as IT needs change.

- **NetApp Introduces FlexArray Virtualization Software.** With new FlexArray virtualization software, NetApp® V-Series becomes a software option that can be licensed on the FAS8000 to virtualize and manage multivendor data storage platforms, paving the way for software-defined storage.
- **NetApp Announces the Latest Release of Clustered Data ONTAP®.** The latest release of the clustered Data ONTAP operating system, version 8.2.1, helps organizations seamlessly scale out operations and manage data consistently, without disruption across both private and public cloud environments.
- **NetApp Teams with SAP to Set New Record for World's Largest Data Warehouse.** SAP announced that it teamed with partners, including NetApp, to generate a world record for the largest data warehouse. The NetApp E5460 storage system was chosen for its ability to handle large data volumes, enormous throughput requirements, consistent high performance and availability demands, all at the same time.
- **NetApp Again Honored as a Channel Champion.** CRN's 24th annual Channel Champions awards highlights vendor partners voted to be the best-of-the-best by the solutions providers for 2014. NetApp moved into the No. 2 position on this year's list in the Enterprise Network Storage category.

Webcast and Conference Call Information

NetApp will host a conference call to discuss these results today at 2:00 p.m. Pacific Time. To access the live webcast of this event, visit the NetApp Investor Relations website at investors.netapp.com. In addition, this press release and other information related to the call will be posted on the Investor Relations website. An audio replay will also be available on the website after 4:00 p.m. Pacific Time today.

Historical supplemental data tables, providing historical multi-period financial information, are also available on our Investor Relations website 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 Q1 Fiscal Year 2015 Outlook section relating to the financial guidance for the first quarter of fiscal year 2015; the benefits to us and our customers of our products and services, including clustered Data ONTAP and our flash storage solutions. All of these forward-looking statements involve risk and uncertainty. Actual results may differ materially from these statements for a variety of reasons, including, without limitation, general economic and market conditions, changes in U.S. government spending, revenue seasonality, and matters specific to our business, such as customer demand for and acceptance of our products and services and changes in storage consumption models. 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, and Data ONTAP are trademarks of NetApp, Inc. All other marks are the property of their respective owners.

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

²Non-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 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. A detailed reconciliation of our non-GAAP to GAAP results can be found at <http://investors.netapp.com>.

NetApp Usage of Non-GAAP Financials

The Company refers to the non-GAAP financial measures 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 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 limitations and they should not solely be used to evaluate our Company without reference to their corresponding GAAP financial measures. As such, we provide both 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)

April 25, 2014 **April 26, 2013**

ASSETS

Current assets:

Cash, cash equivalents and investments	\$ 5,003.3	\$ 6,952.6
Accounts receivable, net	855.9	800.9
Inventories	122.4	139.5
Other current assets	489.7	525.2
Total current assets	6,471.3	8,418.2

Property and equipment, net	1,108.8	1,170.9
Goodwill and purchased intangible assets, net	1,109.6	1,168.7
Other non-current assets	529.5	484.6
Total assets	\$ 9,219.2	\$ 11,242.4

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 247.0	\$ 259.7
Accrued compensation and other current liabilities	793.8	749.8
Current portion of long-term debt	-	1,257.8
Short-term deferred revenue	1,653.8	1,563.3
Total current liabilities	2,694.6	3,830.6

Long-term debt	995.5	994.6
Other long-term liabilities	296.2	253.5
Long-term deferred revenue	1,446.4	1,446.2
Total liabilities	5,432.7	6,524.9

Stockholders' equity	3,786.5	4,717.5
Total liabilities and stockholders' equity	\$ 9,219.2	\$ 11,242.4

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

	Three Months Ended		Year Ended	
	April 25, 2014	April 26, 2013	April 25, 2014	April 26, 2013
Revenues:				
Product	\$ 1,042.8	\$ 1,137.8	\$ 3,943.9	\$ 4,092.3
Software entitlements and maintenance	227.5	227.0	914.8	893.5
Service	378.7	351.7	1,466.4	1,346.6
Net revenues	<u>1,649.0</u>	<u>1,716.5</u>	<u>6,325.1</u>	<u>6,332.4</u>
Cost of revenues:				
Cost of product	453.2	517.9	1,777.1	1,959.9
Cost of software entitlements and maintenance	8.0	7.4	30.7	28.3
Cost of service	145.8	159.0	598.2	583.1
Total cost of revenues	<u>607.0</u>	<u>684.3</u>	<u>2,406.0</u>	<u>2,571.3</u>
Gross profit	<u>1,042.0</u>	<u>1,032.2</u>	<u>3,919.1</u>	<u>3,761.1</u>
Operating expenses:				
Sales and marketing	475.0	510.2	1,898.2	1,974.8
Research and development	230.7	243.4	917.3	904.2
General and administrative	73.7	74.2	281.0	272.6
Restructuring and other charges	38.8	-	88.3	-
Acquisition-related expense	-	-	-	1.7
Total operating expenses	<u>818.2</u>	<u>827.8</u>	<u>3,184.8</u>	<u>3,153.3</u>
Income from operations	223.8	204.4	734.3	607.8
Other income/(expense), net:				
Interest income	8.5	10.1	34.9	42.2
Interest expense	(6.4)	(28.0)	(36.1)	(91.7)
Other income, net	0.7	2.4	7.6	8.3
Total other income/(expense), net	<u>2.8</u>	<u>(15.5)</u>	<u>6.4</u>	<u>(41.2)</u>
Income before income taxes	226.6	188.9	740.7	566.6
Provision for income taxes	<u>29.6</u>	<u>15.1</u>	<u>103.2</u>	<u>61.3</u>
Net income	<u>\$ 197.0</u>	<u>\$ 173.8</u>	<u>\$ 637.5</u>	<u>\$ 505.3</u>
Net income per share:				
Basic	<u>\$ 0.60</u>	<u>\$ 0.48</u>	<u>\$ 1.87</u>	<u>\$ 1.40</u>
Diluted	<u>\$ 0.59</u>	<u>\$ 0.47</u>	<u>\$ 1.83</u>	<u>\$ 1.37</u>
Shares used in net income per share calculations:				
Basic	<u>330.2</u>	<u>358.6</u>	<u>340.3</u>	<u>361.5</u>
Diluted	<u>336.4</u>	<u>368.2</u>	<u>347.9</u>	<u>368.0</u>
Cash dividends declared per share	<u>\$ 0.15</u>	<u>\$ -</u>	<u>\$ 0.60</u>	<u>\$ -</u>

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

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>April 25, 2014</u>	<u>April 26, 2013</u>	<u>April 25, 2014</u>	<u>April 26, 2013</u>
Cash flows from operating activities:				
Net income	\$ 197.0	\$ 173.8	\$ 637.5	\$ 505.3
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	82.1	89.1	334.1	344.6
Stock-based compensation	67.2	65.1	273.0	276.6
Accretion of discount and issuance costs on debt	0.5	16.2	9.7	60.2
Excess tax benefit from stock-based compensation	(19.1)	(19.9)	(52.5)	(72.9)
Other, net	(26.8)	2.3	(58.4)	(6.0)
Changes in assets and liabilities, net of acquired businesses:				
Accounts receivable	(270.0)	(170.0)	(56.6)	23.1
Inventories	(4.3)	33.4	17.0	22.0
Accounts payable	57.7	41.1	(12.1)	25.1
Accrued compensation and other current liabilities	126.8	88.6	32.3	53.5
Deferred revenue	133.6	135.4	106.6	198.1
Changes in other operating assets and liabilities, net	24.8	0.5	119.0	(43.3)
Net cash provided by operating activities	<u>369.5</u>	<u>455.6</u>	<u>1,349.6</u>	<u>1,386.3</u>
Cash flows from investing activities:				
Redemptions (purchases) of investments, net	212.3	(27.1)	975.0	177.0
Purchases of property and equipment	(56.0)	(63.6)	(221.4)	(303.3)
Acquisitions of businesses, net of cash acquired	-	(17.1)	-	(106.5)
Other investing activities, net	4.2	1.2	6.8	4.2
Net cash provided by (used in) investing activities	<u>160.5</u>	<u>(106.6)</u>	<u>760.4</u>	<u>(228.6)</u>
Cash flows from financing activities:				
Issuance of common stock	9.6	15.1	201.4	110.6
Repurchase of common stock and forward contract	(374.5)	(180.0)	(1,881.5)	(590.0)
Excess tax benefit from stock-based compensation	19.1	19.9	52.5	72.9
Repayment of debt	-	-	(1,264.9)	-
Issuance of long-term debt, net	-	-	-	987.3
Dividends paid	(49.2)	-	(202.3)	-
Other financing activities, net	(1.7)	(1.2)	(9.2)	(1.9)
Net cash provided by (used in) financing activities	<u>(396.7)</u>	<u>(146.2)</u>	<u>(3,104.0)</u>	<u>578.9</u>
Effect of exchange rate changes on cash and cash equivalents	5.0	(7.4)	7.9	(9.3)
Net increase (decrease) in cash and cash equivalents	138.3	195.4	(986.1)	1,727.3
Cash and cash equivalents:				
Beginning of period	2,152.7	3,081.7	3,277.1	1,549.8
End of period	<u>\$ 2,291.0</u>	<u>\$ 3,277.1</u>	<u>\$ 2,291.0</u>	<u>\$ 3,277.1</u>

NETAPP, INC.
SUPPLEMENTAL DATA
(In millions except net income per share, percentages, DSO and Inventory Turns)
(Unaudited)

	<u>Q4 FY'14</u>	<u>Q3 FY'14</u>	<u>Q4 FY'13</u>	<u>FY 2014</u>	<u>FY 2013</u>
Revenues					
Product Revenue	\$ 1,042.8	\$ 1,015.0	\$ 1,137.8	\$ 3,943.9	\$ 4,092.3
Software Entitlements & Maintenance Revenue (SEM)	227.5	227.0	227.0	914.8	893.5
Service Revenue:	378.7	368.0	351.7	1,466.4	1,346.6
Hardware Maintenance Support Contracts Revenue	293.7	285.9	262.9	1,129.6	991.8
Professional & Other Services Revenue	85.0	82.1	88.8	336.7	354.8
Net Revenues	\$ 1,649.0	\$ 1,610.0	\$ 1,716.5	\$ 6,325.1	\$ 6,332.4

	<u>Q4 FY'14</u>	<u>Q3 FY'14</u>	<u>Q4 FY'13</u>	<u>FY 2014</u>	<u>FY 2013</u>
Branded and OEM Revenues					
Branded Revenue	\$ 1,539.2	\$ 1,452.7	\$ 1,551.0	\$ 5,740.4	\$ 5,545.2
OEM Revenue	109.8	157.3	165.5	584.7	787.2
Net Revenues	\$ 1,649.0	\$ 1,610.0	\$ 1,716.5	\$ 6,325.1	\$ 6,332.4

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.

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.

	<u>% of Q4 FY'14 Revenue</u>	<u>% of Q3 FY'14 Revenue</u>	<u>% of Q4 FY'13 Revenue</u>	<u>% of FY 2014 Revenue</u>	<u>% of FY 2013 Revenue</u>
Geographic Mix					
Americas*	56%	52%	57%	56%	56%
Americas Commercial	43%	43%	45%	43%	43%
U.S. Public Sector	12%	9%	12%	12%	13%
EMEA	31%	34%	30%	31%	30%
Asia Pacific	13%	14%	13%	14%	13%

* Americas Commercial and USPS revenue for Q4 FY'13 is recast as a result of reporting certain healthcare revenue in Americas Commercial revenue that was previously included in U.S. Public Sector revenue. A reconciliation of this change is posted to our website at investors.netapp.com.

	<u>% of Q4 FY'14 Revenue</u>	<u>% of Q3 FY'14 Revenue</u>	<u>% of Q4 FY'13 Revenue</u>	<u>% of FY 2014 Revenue</u>	<u>% of FY 2013 Revenue</u>
Pathways Mix					
Direct	17%	17%	19%	18%	19%
Indirect	83%	83%	81%	82%	81%

Indirect revenues include those sold through value-added resellers, system integrators, OEMs and distributors.

Direct revenues are those sold through our direct sales force. Direct / Indirect revenue mix reflects order fulfillment and not reflective of who is responsible for the customer relationship.

	<u>Q4 FY'14</u>	<u>Q3 FY'14</u>	<u>Q4 FY'13</u>	<u>FY 2014</u>	<u>FY 2013</u>
Non-GAAP Gross Margins					
Non-GAAP Gross Margin	64.4%	63.5%	61.3%	63.2%	60.7%
Product	58.0%	57.1%	55.8%	56.5%	53.6%
Software Entitlements & Maintenance (SEM)	96.5%	96.6%	96.7%	96.6%	96.8%
Service	62.7%	60.8%	56.2%	60.5%	58.2%

	<u>Q4 FY'14</u>	<u>Q3 FY'14</u>	<u>Q4 FY'13</u>	<u>FY 2014</u>	<u>FY 2013</u>
Non-GAAP Income from Operations, Income before Income Taxes & Effective Tax Rate					
Non-GAAP Income from Operations	\$ 344.4	\$ 313.3	\$ 291.0	\$ 1,154.7	\$ 971.9
% of Net Revenue	20.9%	19.5%	17.0%	18.3%	15.3%
Non-GAAP Income before Income Taxes	\$ 347.2	\$ 316.2	\$ 291.7	\$ 1,169.3	\$ 990.2
Non-GAAP Effective Tax Rate	18.1%	17.6%	13.4%	17.2%	15.1%

	<u>Q4 FY'14</u>	<u>Q3 FY'14</u>	<u>Q4 FY'13</u>	<u>FY 2014</u>	<u>FY 2013</u>
Non-GAAP Net Income					
Non-GAAP Net Income	\$ 284.2	\$ 260.6	\$ 252.5	\$ 968.2	\$ 840.6
Weighted Average Common Shares Outstanding, Diluted	336.4	346.2	368.2	347.9	368.0
Non-GAAP Net Income per Share, Diluted	\$ 0.84	\$ 0.75	\$ 0.69	\$ 2.78	\$ 2.28

Included in the diluted weighted average common shares outstanding are 3.2 million, 1.4 million and 1.1 million shares in Q4 FY'13, FY2014, FY2013, respectively, related to the impact of our convertible notes. The convertible notes matured in Q1 FY'14, and thus had no impact on any other period presented.

Select Balance Sheet Items

	<u>Q4 FY'14</u>	<u>Q3 FY'14</u>	<u>Q4 FY'13</u>
Deferred Revenue	\$ 3,100.2	\$ 2,959.3	\$ 3,009.5
DSO (days)	47	33	42
Inventory Turns	19	20	19

Days sales outstanding (DSO) is defined as accounts receivable, net divided by net revenue, multiplied by the number of days in the quarter.

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

Select Cash Flow Statement Items

	<u>Q4 FY'14</u>	<u>Q3 FY'14</u>	<u>Q4 FY'13</u>	<u>FY 2014</u>	<u>FY 2013</u>
Net Cash Provided by Operating Activities	\$ 369.5	\$ 331.8	\$ 455.6	\$ 1,349.6	\$ 1,386.3
Purchases of Property and Equipment	\$ 56.0	\$ 57.9	\$ 63.6	\$ 221.4	\$ 303.3
Free Cash Flow	\$ 313.5	\$ 273.9	\$ 392.0	\$ 1,128.2	\$ 1,083.0
Free Cash Flow as % of Total Revenue	19.0%	17.0%	22.8%	17.8%	17.1%

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

Some items may not add or recalculate due to rounding.

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP
FINANCIAL STATEMENT INFORMATION
(In millions, except net income per share amounts)
(Unaudited)

	Three Months Ended			Year Ended	
	April 25, 2014	January 24, 2014	April 26, 2013	April 25, 2014	April 26, 2013
NET INCOME	\$ 197.0	\$ 192.1	\$ 173.8	\$ 637.5	\$ 505.3
Adjustments:					
Amortization of intangible assets	14.6	14.7	21.5	59.1	85.8
Stock-based compensation	67.2	71.9	65.1	273.0	276.6
Restructuring and other charges	38.8	-	-	88.3	-
Acquisition-related expense	-	-	-	-	1.7
Non-cash interest expense	-	-	16.2	8.2	60.2
Gain on investments	-	-	-	-	(0.7)
Income tax effect of Non-GAAP adjustments	(33.4)	(18.1)	(24.1)	(97.9)	(88.3)
NON-GAAP NET INCOME	<u>\$ 284.2</u>	<u>\$ 260.6</u>	<u>\$ 252.5</u>	<u>\$ 968.2</u>	<u>\$ 840.6</u>
COST OF REVENUES	\$ 607.0	\$ 607.7	\$ 684.3	\$ 2,406.0	\$ 2,571.3
Adjustments:					
Amortization of intangible assets	(14.3)	(14.2)	(14.1)	(57.1)	(55.9)
Stock-based compensation	(5.3)	(6.1)	(5.8)	(22.3)	(25.5)
NON-GAAP COST OF REVENUES	<u>\$ 587.4</u>	<u>\$ 587.4</u>	<u>\$ 664.4</u>	<u>\$ 2,326.6</u>	<u>\$ 2,489.9</u>
COST OF PRODUCT REVENUES	\$ 453.2	\$ 450.7	\$ 517.9	\$ 1,777.1	\$ 1,959.9
Adjustments:					
Amortization of intangible assets	(13.7)	(13.6)	(13.5)	(54.8)	(55.3)
Stock-based compensation	(1.4)	(1.5)	(1.4)	(5.6)	(6.1)
NON-GAAP COST OF PRODUCT REVENUES	<u>\$ 438.1</u>	<u>\$ 435.6</u>	<u>\$ 503.0</u>	<u>\$ 1,716.7</u>	<u>\$ 1,898.5</u>
COST OF SERVICE REVENUES	\$ 145.8	\$ 149.3	\$ 159.0	\$ 598.2	\$ 583.1
Adjustments:					
Amortization of intangible assets	(0.6)	(0.6)	(4.4)	(2.3)	(19.4)
Stock-based compensation	(3.9)	(4.6)	(0.6)	(16.7)	(0.6)
NON-GAAP COST OF SERVICE REVENUES	<u>\$ 141.3</u>	<u>\$ 144.1</u>	<u>\$ 154.0</u>	<u>\$ 579.2</u>	<u>\$ 563.1</u>
GROSS PROFIT	\$ 1,042.0	\$ 1,002.3	\$ 1,032.2	\$ 3,919.1	\$ 3,761.1
Adjustments:					
Amortization of intangible assets	14.3	14.2	14.1	57.1	55.9
Stock-based compensation	5.3	6.1	5.8	22.3	25.5
NON-GAAP GROSS PROFIT	<u>\$ 1,061.6</u>	<u>\$ 1,022.6</u>	<u>\$ 1,052.1</u>	<u>\$ 3,998.5</u>	<u>\$ 3,842.5</u>
SALES AND MARKETING EXPENSES	\$ 475.0	\$ 475.9	\$ 510.2	\$ 1,898.2	\$ 1,974.8
Adjustments:					
Amortization of intangible assets	(0.3)	(0.5)	(7.4)	(2.0)	(29.8)
Stock-based compensation	(30.4)	(33.0)	(30.4)	(125.0)	(132.2)
NON-GAAP SALES AND MARKETING EXPENSES	<u>\$ 444.3</u>	<u>\$ 442.4</u>	<u>\$ 472.4</u>	<u>\$ 1,771.2</u>	<u>\$ 1,812.8</u>
RESEARCH AND DEVELOPMENT EXPENSES	\$ 230.7	\$ 230.3	\$ 243.4	\$ 917.3	\$ 904.2
Adjustment:					
Amortization of intangible assets	-	-	-	-	(0.1)
Stock-based compensation	(21.1)	(23.6)	(20.3)	(87.7)	(84.1)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	<u>\$ 209.6</u>	<u>\$ 206.7</u>	<u>\$ 223.1</u>	<u>\$ 829.6</u>	<u>\$ 820.0</u>
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 73.7	\$ 69.4	\$ 74.2	\$ 281.0	\$ 272.6
Adjustment:					
Stock-based compensation	(10.4)	(9.2)	(8.6)	(38.0)	(34.8)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 63.3</u>	<u>\$ 60.2</u>	<u>\$ 65.6</u>	<u>\$ 243.0</u>	<u>\$ 237.8</u>
RESTRUCTURING AND OTHER CHARGES	\$ 38.8	\$ -	\$ -	\$ 88.3	\$ -
Adjustment:					
Restructuring and other charges	(38.8)	-	-	(88.3)	-
NON-GAAP RESTRUCTURING AND OTHER CHARGES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ACQUISITION-RELATED EXPENSE	\$ -	\$ -	\$ -	\$ -	\$ 1.7
Adjustment:					
Acquisition-related expense	-	-	-	-	(1.7)
NON-GAAP ACQUISITION-RELATED EXPENSE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPERATING EXPENSES	\$ 818.2	\$ 775.6	\$ 827.8	\$ 3,184.8	\$ 3,153.3
Adjustments:					
Amortization of intangible assets	(0.3)	(0.5)	(7.4)	(2.0)	(29.9)
Stock-based compensation	(61.9)	(65.8)	(59.3)	(250.7)	(251.1)
Restructuring and other charges	(38.8)	-	-	(88.3)	-
Acquisition-related expense	-	-	-	-	(1.7)
NON-GAAP OPERATING EXPENSES	<u>\$ 717.2</u>	<u>\$ 709.3</u>	<u>\$ 761.1</u>	<u>\$ 2,843.8</u>	<u>\$ 2,870.6</u>
INCOME FROM OPERATIONS	\$ 223.8	\$ 226.7	\$ 204.4	\$ 734.3	\$ 607.8
Adjustments:					
Amortization of intangible assets	14.6	14.7	21.5	59.1	85.8
Stock-based compensation	67.2	71.9	65.1	273.0	276.6
Restructuring and other charges	38.8	-	-	88.3	-
Acquisition-related expense	-	-	-	-	1.7
NON-GAAP INCOME FROM OPERATIONS	<u>\$ 344.4</u>	<u>\$ 313.3</u>	<u>\$ 291.0</u>	<u>\$ 1,154.7</u>	<u>\$ 971.9</u>
TOTAL OTHER INCOME (EXPENSE), NET	\$ 2.8	\$ 2.9	\$ (15.5)	\$ 6.4	\$ (41.2)
Adjustments:					
Non-cash interest expense	-	-	16.2	8.2	60.2
Gain on investments	-	-	-	-	(0.7)
NON-GAAP TOTAL OTHER INCOME, NET	<u>\$ 2.8</u>	<u>\$ 2.9</u>	<u>\$ 0.7</u>	<u>\$ 14.6</u>	<u>\$ 18.3</u>
INCOME BEFORE INCOME TAXES	\$ 226.6	\$ 229.6	\$ 188.9	\$ 740.7	\$ 566.6
Adjustments:					
Amortization of intangible assets	14.6	14.7	21.5	59.1	85.8
Stock-based compensation	67.2	71.9	65.1	273.0	276.6
Restructuring and other charges	38.8	-	-	88.3	-
Acquisition-related expense	-	-	-	-	1.7
Non-cash interest expense	-	-	16.2	8.2	60.2
Gain on investments	-	-	-	-	(0.7)
NON-GAAP INCOME BEFORE INCOME TAXES	<u>\$ 347.2</u>	<u>\$ 316.2</u>	<u>\$ 291.7</u>	<u>\$ 1,169.3</u>	<u>\$ 990.2</u>
PROVISION FOR INCOME TAXES	\$ 29.6	\$ 37.5	\$ 15.1	\$ 103.2	\$ 61.3
Adjustment:					
Income tax effect of Non-GAAP adjustments	33.4	18.1	24.1	97.9	88.3
NON-GAAP PROVISION FOR INCOME TAXES	<u>\$ 63.0</u>	<u>\$ 55.6</u>	<u>\$ 39.2</u>	<u>\$ 201.1</u>	<u>\$ 149.6</u>
NET INCOME PER SHARE	\$ 0.59	\$ 0.55	\$ 0.47	\$ 1.83	\$ 1.37
Adjustments:					
Amortization of intangible assets	0.04	0.04	0.06	0.17	0.23
Stock-based compensation	0.20	0.21	0.18	0.79	0.75
Restructuring and other charges	0.11	-	-	0.25	-
Acquisition-related expense	-	-	-	-	-
Non-cash interest expense	-	-	0.04	0.02	0.16
Gain on investments	-	-	-	-	-
Income tax effect of Non-GAAP adjustments	(0.10)	(0.05)	(0.07)	(0.28)	(0.24)
NON-GAAP NET INCOME PER SHARE	<u>\$ 0.84</u>	<u>\$ 0.75</u>	<u>\$ 0.69</u>	<u>\$ 2.78</u>	<u>\$ 2.28</u>

Some items may not add or recalculate due to rounding.

NETAPP, INC.
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
FIRST QUARTER 2015
(Unaudited)

First Quarter
2015

Non-GAAP Guidance - Net Income Per Share	\$0.53 - \$0.58
Adjustments of Specific Items to Net Income Per Share for the First Quarter 2015:	
Amortization of intangible assets	(0.04)
Stock-based compensation expense	(0.22)
Income tax effect	0.05
Total Adjustments	(0.21)
GAAP Guidance - Net Income Per Share	\$0.32 - \$0.37