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**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, 2013

**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, 2013, NetApp, Inc. (“NetApp” or the “Company”) issued a press release and supplemental commentary reporting financial results for the fourth quarter and year ended April 26, 2013. 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 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 2.05 Costs Associated with Exit or Disposal Activities**

On May 15, 2013 NetApp (the "Company") committed to a business restructuring plan intended to realign resources, reducing worldwide headcount by approximately 900 employees.

The Company expects to incur aggregate charges of approximately \$50 to \$60 million for employee termination and other costs associated with the Program. All of these charges are expected to be cash expenditures.

#### **Item 9.01 Financial Statements and Exhibits.**

##### **(d) Exhibits.**

<b>Exhibit</b>	<b>Description</b>
<a href="#">99.1</a>	Press release, dated May 21, 2013, reporting earnings for the fiscal quarter and year ended April 26, 2013.
<a href="#">99.2</a>	Supplemental Commentary, dated May 21, 2013.

**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 21, 2013

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

## Index to Exhibits

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**Press Contact:**  
Ryan Lowry  
NetApp  
(408) 822-7544  
[ryanl@netapp.com](mailto:ryanl@netapp.com)

**Investor Contact:**  
Kris Newton  
NetApp  
(408) 822-3312  
[kris.newton@netapp.com](mailto:kris.newton@netapp.com)

## NETAPP ANNOUNCES RESULTS FOR FOURTH QUARTER AND FISCAL YEAR 2013

*Announces \$3 Billion Stock Repurchase Program; Initiates Quarterly Cash Dividend*

- *Q4 Revenues \$1.717 Billion, Fiscal Year Revenues \$6.332 Billion*
- *Q4 GAAP EPS \$0.47, Fiscal Year GAAP EPS \$1.37*
- *Q4 Non-GAAP EPS \$0.69, Fiscal Year Non-GAAP EPS \$2.28*

**Sunnyvale, Calif.—May 21, 2013**—NetApp (NASDAQ: NTAP) today reported financial results for the fourth quarter and fiscal year 2013 ended April 26, 2013. Total revenues for the fourth quarter of fiscal year 2013 were \$1.717 billion.

GAAP net income for the fourth quarter of fiscal year 2013 was \$174 million, or \$0.47 per share,<sup>1</sup> compared to GAAP net income of \$181 million, or \$0.47 per share, for the same period a year ago. Non-GAAP net income for the fourth quarter of fiscal year 2013 was \$253 million, or \$0.69 per share,<sup>2</sup> compared to non-GAAP net income of \$252 million, or \$0.66 per share, for the same period a year ago.

Total revenues for fiscal year 2013 were \$6.332 billion, compared to total revenues of \$6.233 billion for fiscal year 2012. GAAP net income for fiscal year 2013 was \$505 million, or \$1.37 per share, compared to GAAP net income of \$605 million, or \$1.58 per share, for fiscal year 2012. Non-GAAP net income for fiscal year 2013 was \$841 million, or \$2.28 per share, compared to non-GAAP net income of \$926 million, or \$2.41 per share, for fiscal year 2012.

“The fourth quarter was highlighted by a continued strong uptake of clustered Data ONTAP®, an expansion of our leadership position in Flash, and double digit growth in branded bookings,” said Tom Georgens, president and CEO. “We are also pleased to announce enhancements to our capital allocation program, reflecting our confidence in our underlying business as well as our commitment to enhancing shareholder value.”

## **Q1 Fiscal Year 2014 Outlook**

NetApp is providing the following financial guidance for the first quarter of fiscal year 2014:

- Revenues to be in the range of \$1.475 billion to \$1.575 billion.
- GAAP earnings per share to be approximately \$0.13 to \$0.18 and non-GAAP earnings per share to be approximately \$0.45 to \$0.50.
- Outstanding share count to decrease to approximately 367 million shares.

### **Business Highlights**

#### **Capital Return to Shareholders**

The Company is increasing its current stock repurchase program, of which \$1.4 billion remains outstanding, by an additional \$1.6 billion. The Company plans to complete the aggregate \$3 billion program over the next 3 years. NetApp intends \$2 billion of repurchases to be completed within the next 12 months, of which \$1 billion is planned to be completed during the next 4 months. Under its stock repurchase program, NetApp can purchase shares of its outstanding common stock through open market and privately negotiated transactions at prices deemed appropriate by management.

Additionally, NetApp has initiated a quarterly cash dividend of \$0.15 per share of the Company's common stock, which it intends to increase over time. The first dividend will be payable on July 23, 2013 to shareholders of record as of the close of business on July 11, 2013.

The timing and amount of repurchase transactions under the program and future dividends will depend on market conditions, corporate business and financial considerations, and regulatory requirements.

#### **Resource Realignment**

The Company has undertaken a realignment of resources and restructuring which includes a global workforce reduction of approximately 900 employees. The Company expects to recognize an estimated aggregate \$50 - \$60 million pretax charge relating to employee severance and other restructuring charges.

## Quarterly Highlights

In its fourth quarter of fiscal year 2013, NetApp continued to support customer success across a broad range of IT environments through its product and technology innovation and deepened strategic relationships with best-in-class partners.

NetApp expanded its industry-leading flash portfolio with the availability of an all-flash array built on E-Series and previewed a new purpose-built all-flash storage architecture. NetApp also unveiled enhancements to its FAS high-end storage systems and continued to see industry momentum for clustered Data ONTAP. Finally, NetApp strengthened its partnerships with industry leaders VMware and SAP through deeper integration and joint solution development.

Highlights include:

### **NetApp Extends Leadership in Enterprise Flash Storage**

- The new EF540 all-flash array is designed for today's extreme performance-driven enterprise applications, while the purpose-built FlashRay product family is expected to deliver rich scale-out and storage efficiency features to maximize the benefits of all-flash arrays. With one of the strongest and broadest flash portfolios in the industry, including intelligent caching technologies Flash Cache™, Flash Pool™, and Flash Accel™, the new EF540 flash array and the forthcoming FlashRay family provide flexibility and choice and maximize the value of flash across the entire compute, network, and storage stack.

### **FAS and E-Series Innovation Helps Customers Accelerate Business**

- **Enhanced FAS high-end systems deliver increased performance and value.** The new FAS/V6200, FAS6250, and FAS6290 systems leverage clustered Data ONTAP and enable IT operations to achieve a greater ROI while delivering high availability and scale for organizations' most stringent application workloads. The new systems are flash enabled and can scale to over 65PB for increased agility.



- **Big data and HPC customers accelerate time to market with new E-Series storage platform.** With its seventh generation E-Series platform, the NetApp® E5500 builds on the modular scalability and proven reliability of previous generations and provides customers with a new level of performance and efficiency. The platform's high-performance architecture, improved storage density, and additional support enhancements enable OEMs and customers to overcome the speed, scale, and reliability challenges posed by big data and high-performance computing environments.

**Strengthened Partnerships Help Customers Transition to the Cloud**

- **NetApp and SAP collaborate to support next-generation solutions.** In an effort to accelerate the deployment and delivery of database, analytics, and application solutions, NetApp and SAP will deepen their integration to support the SAP HANA platform and SAP NetWeaver Landscape Virtualization Management software. Through the expanded relationship, customers will have access to integrated solutions that reduce total cost of operations, drive greater business agility, and help them leverage the benefits of the cloud.
- **NetApp and VMware deliver integrated cloud infrastructure and mobile computing solutions to customers.** New solutions and technology integration from NetApp and VMware combine the benefits of clustered Data ONTAP with VMware vCloud Suite and VMware Horizon Suite. The NetApp storage solution for VMware vCloud Suite enables enterprises and service providers to deliver a shared storage infrastructure for private cloud environments. The NetApp storage solution for VMware Horizon Suite delivers anytime access to desktops, applications, and data, and enables users to share the data securely.

**NetApp Data ONTAP is Ranked the World's #1 Branded Storage Operating System**

- IDC ranked NetApp Data ONTAP as the world's #1 branded storage operating system<sup>3</sup> for calendar year 2012 within the open networked disk storage systems market. IDC's Branded Storage Operating System results measure the value of the worldwide external disk storage systems market by revenue and new capacity shipments based on the underlying storage operating system in use. Data ONTAP ranked #1 in both categories. Built on more than 20 years of innovation, the Data ONTAP operating system has evolved to meet the changing needs of customers and help drive their success. Clustered Data ONTAP is the latest version, combining the richest data management feature set with clustering for unlimited scale, operational efficiency, and nondisruptive operations.

**NetApp Enables Revlon to Simplify IT Operations**

- Revlon turned to NetApp to help drive simplicity, agility, and cost efficiencies throughout all levels of its business, which ultimately helped the company make smarter IT decisions that help fuel company growth. By building on NetApp, Revlon successfully implemented a private cloud infrastructure that enabled the company to adapt to meet growing consumer demands. NetApp also helped Revlon harness its big data challenge, turning 3.6PB of data from a burden into a business driver.

**Webcast and Conference Call Information**

The NetApp fourth quarter and fiscal year 2013 conference call will be broadcast live on the Internet at [investors.netapp.com](http://investors.netapp.com) on Tuesday, May 21, 2013, at 2:30 p.m. Pacific Time. This press release and any other information related to the call will be posted on the Website at that location. An audio replay Webcast will be available after 4:00 p.m. Pacific Time on the Website.

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 Website at [investors.netapp.com](http://investors.netapp.com).

We are also pleased to announce that the NetApp Annual Meeting of Stockholders has been scheduled for September 13, 2013 at 3:00 p.m. Pacific Time at the Company's headquarters located at 495 East Java Drive, Sunnyvale, CA.

**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](http://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 2014, the benefits to us and our customers of our products and services, the expected benefits of partnerships, alliances and acquisitions, our statements regarding future repurchases of our common stock and dividend payments, and the amount and timing of the expected charge relating to our realignment and restructuring program. 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, our stock price 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, FlashRay, Flash Accel, Flash Cache, and Flash Pool are trademarks or registered trademarks of NetApp, Inc. All other marks are the property of their respective owners.

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

<sup>2</sup>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. 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>.

<sup>3</sup>IDC Worldwide Quarterly Disk Storage Systems Tracker Q4 2012, March 2013 (Open Networked Disk Storage Systems revenue)

**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 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 26, 2013</u>	<u>April 27, 2012</u>
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and investments	\$ 6,952.6	\$ 5,398.5
Accounts receivable, net	800.9	830.9
Inventories	139.5	161.5
Other current assets	<u>525.2</u>	<u>435.6</u>
Total current assets	8,418.2	6,826.5
Property and equipment, net	1,170.9	1,137.2
Goodwill and purchased intangible assets, net	1,168.7	1,141.2
Other non-current assets	<u>484.6</u>	<u>427.4</u>
Total assets	<u>\$ 11,242.4</u>	<u>\$ 9,532.3</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 259.7	\$ 233.1
Accrued compensation and other current liabilities	749.8	717.9
Current portion of long-term debt	1,257.8	1,202.3
Short-term deferred revenue	<u>1,563.3</u>	<u>1,366.5</u>
Total current liabilities	<u>3,830.6</u>	<u>3,519.8</u>
Long-term debt	994.6	-
Other long-term liabilities	253.5	206.9
Long-term deferred revenue	<u>1,446.2</u>	<u>1,449.4</u>
Total liabilities	<u>6,524.9</u>	<u>5,176.1</u>
Convertible Notes	-	62.6
Stockholders' equity	<u>4,717.5</u>	<u>4,293.6</u>
Total liabilities and stockholders' equity	<u>\$ 11,242.4</u>	<u>\$ 9,532.3</u>

**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 26, 2013</u>	<u>April 27, 2012</u>	<u>April 26, 2013</u>	<u>April 27, 2012</u>
<b>Revenues:</b>				
Product	\$ 1,137.8	\$ 1,165.1	\$ 4,092.3	\$ 4,209.7
Software entitlements and maintenance	227.0	212.5	893.5	812.2
Service	351.7	324.9	1,346.6	1,211.3
Net revenues	<u>1,716.5</u>	<u>1,702.5</u>	<u>6,332.4</u>	<u>6,233.2</u>
<b>Cost of revenues:</b>				
Cost of product	517.9	564.0	1,959.9	1,979.9
Cost of software entitlements and maintenance	7.4	6.8	28.3	23.9
Cost of service	159.0	136.7	583.1	516.0
Total cost of revenues	<u>684.3</u>	<u>707.5</u>	<u>2,571.3</u>	<u>2,519.8</u>
Gross profit	<u>1,032.2</u>	<u>995.0</u>	<u>3,761.1</u>	<u>3,713.4</u>
<b>Operating expenses:</b>				
Sales and marketing	510.2	478.1	1,974.8	1,864.0
Research and development	243.4	221.6	904.2	828.2
General and administrative	74.2	71.5	272.6	264.9
Acquisition-related expense	-	2.4	1.7	9.8
Total operating expenses	<u>827.8</u>	<u>773.6</u>	<u>3,153.3</u>	<u>2,966.9</u>
Income from operations	204.4	221.4	607.8	746.5
<b>Other expense, net:</b>				
Interest income	10.1	10.6	42.2	38.2
Interest expense	(28.0)	(20.0)	(91.7)	(74.7)
Other income, net	2.4	2.5	8.3	2.4
Total other expense, net	<u>(15.5)</u>	<u>(6.9)</u>	<u>(41.2)</u>	<u>(34.1)</u>
Income before income taxes	188.9	214.5	566.6	712.4
Provision for income taxes	<u>15.1</u>	<u>33.8</u>	<u>61.3</u>	<u>107.0</u>
Net income	<u>\$ 173.8</u>	<u>\$ 180.7</u>	<u>\$ 505.3</u>	<u>\$ 605.4</u>
<b>Net income per share:</b>				
Basic	<u>\$ 0.48</u>	<u>\$ 0.50</u>	<u>\$ 1.40</u>	<u>\$ 1.66</u>
Diluted	<u>\$ 0.47</u>	<u>\$ 0.47</u>	<u>\$ 1.37</u>	<u>\$ 1.58</u>
<b>Shares used in net income per share calculations:</b>				
Basic	<u>358.6</u>	<u>363.4</u>	<u>361.5</u>	<u>363.9</u>
Diluted	<u>368.2</u>	<u>381.7</u>	<u>368.0</u>	<u>384.3</u>

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

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>April 26, 2013</b>	<b>April 27, 2012</b>	<b>April 26, 2013</b>	<b>April 27, 2012</b>
<b>Cash flows from operating activities:</b>				
Net income	\$ 173.8	\$ 180.7	\$ 505.3	\$ 605.4
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	89.1	82.6	344.6	293.1
Stock-based compensation	65.1	59.8	276.6	257.6
Accretion of discount and issuance costs on debt	16.2	14.2	60.2	52.9
Excess tax benefit from stock-based compensation	(19.9)	(32.6)	(72.9)	(113.3)
Other, net	2.3	33.5	(6.0)	36.3
Changes in assets and liabilities, net of acquisitions of businesses:				
Accounts receivable	(170.0)	(146.2)	23.1	(90.4)
Inventories	33.4	(7.7)	22.0	(16.5)
Accounts payable	41.1	21.8	25.1	11.4
Accrued compensation and other current liabilities	88.6	112.2	53.5	(48.3)
Deferred revenue	135.4	271.9	198.1	506.4
Changes in other operating assets and liabilities, net	0.5	(7.6)	(43.3)	(32.0)
Net cash provided by operating activities	<u>455.6</u>	<u>582.6</u>	<u>1,386.3</u>	<u>1,462.6</u>
<b>Cash flows from investing activities:</b>				
Redemptions (purchases) of investments, net	(27.1)	(1,403.7)	177.0	(1,424.9)
Purchases of property and equipment	(63.6)	(124.2)	(303.3)	(407.1)
Acquisitions of businesses, net of cash acquired	(17.1)	-	(106.5)	(480.0)
Other investing activities, net	1.2	1.6	4.2	1.6
Net cash used in investing activities	<u>(106.6)</u>	<u>(1,526.3)</u>	<u>(228.6)</u>	<u>(2,310.4)</u>
<b>Cash flows from financing activities:</b>				
Issuance of common stock	15.1	41.1	110.6	142.1
Repurchase and retirement of common stock	(180.0)	-	(590.0)	(600.0)
Excess tax benefit from stock-based compensation	19.9	32.6	72.9	113.3
Issuance of long-term debt, net	-	-	987.3	-
Other financing activities, net	(1.2)	(2.1)	(1.9)	1.0
Net cash provided by (used in) financing activities	<u>(146.2)</u>	<u>71.6</u>	<u>578.9</u>	<u>(343.6)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(7.4)	1.0	(9.3)	(16.1)
<b>Net increase (decrease) in cash and cash equivalents</b>	195.4	(871.1)	1,727.3	(1,207.5)
<b>Cash and cash equivalents:</b>				
Beginning of period	3,081.7	2,420.9	1,549.8	2,757.3
End of period	<u>\$ 3,277.1</u>	<u>\$ 1,549.8</u>	<u>\$ 3,277.1</u>	<u>\$ 1,549.8</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		Year Ended	
	April 26, 2013	April 27, 2012	April 26, 2013	April 27, 2012
<b>SUMMARY RECONCILIATION OF NET INCOME</b>				
<b>NET INCOME</b>	\$ 173.8	\$ 180.7	\$ 505.3	\$ 605.4
Adjustments:				
Amortization of intangible assets	21.5	21.4	85.8	89.0
Stock-based compensation	65.1	59.8	276.6	257.6
Acquisition-related expense	-	2.4	1.7	17.8
Non-cash interest expense	16.2	14.2	60.2	52.9
Gain on investments	-	(0.6)	(0.7)	(1.3)
Income tax effect of non-GAAP adjustments	(24.1)	(25.5)	(88.3)	(95.2)
<b>NON-GAAP NET INCOME</b>	<u>\$ 252.5</u>	<u>\$ 252.4</u>	<u>\$ 840.6</u>	<u>\$ 926.2</u>
<b>NET INCOME PER SHARE</b>				
<b>NET INCOME PER SHARE</b>	\$ 0.472	\$ 0.473	\$ 1.373	\$ 1.575
Adjustments:				
Amortization of intangible assets	0.058	0.056	0.233	0.232
Stock-based compensation	0.177	0.157	0.752	0.670
Acquisition-related expense	-	0.006	0.004	0.046
Non-cash interest expense	0.044	0.037	0.164	0.138
Gain on investments	-	(0.001)	(0.002)	(0.003)
Income tax effect of non-GAAP adjustments	(0.065)	(0.067)	(0.240)	(0.248)
<b>NON-GAAP NET INCOME PER SHARE</b>	<u>\$ 0.686</u>	<u>\$ 0.661</u>	<u>\$ 2.284</u>	<u>\$ 2.410</u>

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

**Three Months Ended April 26, 2013**

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Gain on Investments</u>	<u>Total</u>
Cost of product revenues	\$ 13.5	\$ 1.4	\$ -	\$ -	\$ -	\$ 14.9
Cost of service revenues	0.6	4.4	-	-	-	5.0
Sales and marketing expenses	7.4	30.4	-	-	-	37.8
Research and development expenses	-	20.3	-	-	-	20.3
General and administrative expenses	-	8.6	-	-	-	8.6
Interest expense	-	-	-	16.2	-	16.2
Effect on income before income taxes	<u>\$ 21.5</u>	<u>\$ 65.1</u>	<u>\$ -</u>	<u>\$ 16.2</u>	<u>\$ -</u>	<u>\$ 102.8</u>

**Three Months Ended April 27, 2012**

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</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 expenses	7.4	29.5	-	-	-	36.9
Research and development expenses	-	17.1	-	-	-	17.1
General and administrative expenses	-	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>\$ 2.4</u>	<u>\$ 14.2</u>	<u>\$ (0.6)</u>	<u>\$ 97.2</u>

**Year Ended April 26, 2013**

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</u>	<u>Acquisition- related Expense</u>	<u>Non-cash Interest Expense</u>	<u>Gain on Investments</u>	<u>Total</u>
Cost of product revenues	\$ 55.3	\$ 6.1	\$ -	\$ -	\$ -	\$ 61.4
Cost of service revenues	0.6	19.4	-	-	-	20.0
Sales and marketing expense	29.8	132.2	-	-	-	162.0
Research and development expense	0.1	84.1	-	-	-	84.2
General and administrative expense	-	34.8	-	-	-	34.8
Acquisition-related expense	-	-	1.7	-	-	1.7
Interest expense	-	-	-	60.2	-	60.2
Other income, net	-	-	-	-	(0.7)	(0.7)
Effect on income before income taxes	<u>\$ 85.8</u>	<u>\$ 276.6</u>	<u>\$ 1.7</u>	<u>\$ 60.2</u>	<u>\$ (0.7)</u>	<u>\$ 423.6</u>

**Year Ended April 27, 2012**

	<u>Amortization of Intangible Assets</u>	<u>Stock-based Compensation</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>\$ 17.8</u>	<u>\$ 52.9</u>	<u>\$ (1.3)</u>	<u>\$ 416.0</u>



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**NETAPP, INC.**  
**RECONCILIATION OF NON GAAP GUIDANCE**  
**TO GAAP**  
**EXPRESSED AS EARNINGS PER SHARE**  
**FIRST QUARTER 2014**  
**(Unaudited)**

	First Quarter 2014
Non-GAAP Guidance - Net Income Per Share	\$0.45 - \$0.50
Adjustments of Specific Items to Net Income Per Share for the First Quarter 2014:	
Amortization of intangible assets	(0.04)
Stock-based compensation expense	(0.18)
Restructuring & other charges	(0.15)
Non-cash interest expense	(0.02)
Income tax effect	0.07
Total Adjustments	(0.32)
GAAP Guidance - Net Income Per Share	\$0.13 - \$0.18



## NetApp Q4 and Fiscal Year 2013 Earnings Results

Supplemental Commentary  
May 21, 2013

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 including, without limitation, all of the statements under (a) the Q1 FY14 Outlook section regarding our financial forecasts for the first quarter of fiscal year 2014, and (b) the expected dilutive effect from our outstanding convertible notes (as well as our expectations regarding the hedging thereof). These forward-looking statements involve risks and uncertainties. Actual results may differ materially from our statements 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 that 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.

Year over Year Overview

	FY2013	FY2012	Year/Year Change
Net Revenue	\$ 6.33B	\$ 6.23B	2%
Non-GAAP Gross Margin	60.7%	60.9%	
Non-GAAP Operating Expenses	\$ 2.87B	\$ 2.69B	7%
Non-GAAP Income from Operations	\$ 0.97B	\$ 1.11B	-13%
Non-GAAP Operating Margin	15.3%	17.8%	
Non-GAAP Net Income per Share, Diluted	\$ 2.28	\$ 2.41	-5%

Q4 Fiscal Year 2013

Revenue

	Q4 FY13 Revenue	% of Q4 FY13 Net Revenue	Sequential Change <sup>1</sup>	Year/Year Change <sup>1</sup>
Product Revenue	\$ 1,138M	66%	7%	-2%
Software Entitlements & Maintenance	\$ 227M	13%	-1%	7%
Service	\$ 352M	21%	3%	8%
Net Revenue	\$ 1,717M	100%	5%	1%

Net revenue for the fourth quarter was \$1,717 million, an increase of 5% sequentially and 1% year over year. Foreign currency fluctuations<sup>2</sup> were immaterial on a sequential and year over year basis.

Product revenue of \$1,138 million increased 7% sequentially and declined 2% year over year. Product revenue was 66% of net revenue in Q4, compared to 65% in the prior quarter.

Revenue from software entitlements and maintenance (SEM), which is a deferred revenue element and recognized over the related contract period, was \$227 million or 13% of revenue. SEM revenue declined 1% sequentially and grew 7% year over year.

Service revenue was \$352 million, an increase of 3% sequentially and 8% year over year. Service revenue was 21% of net revenue in the fourth quarter, about the same as the prior quarter.

- Revenue from hardware maintenance support contracts, which is also a deferred revenue element, comprised 75% of our service revenue this quarter and increased 3% sequentially and 17% year over year.
- Professional services revenue was essentially flat from the prior quarter and decreased 12% year over year.

<sup>1</sup> Sequential and year over year calculations are based upon prior results which can be found at [investors.netapp.com](http://investors.netapp.com)

<sup>2</sup> 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

	<b>Q4 FY13 Revenue</b>	<b>% of Q4 FY13 Net Revenue</b>	<b>Sequential Change<sup>1</sup></b>	<b>Year/Year Change<sup>1</sup></b>
Branded Revenue	\$ 1,551M	90%	9%	3%
OEM Revenue	\$ 165M	10%	-19%	-18%
Net Revenue	\$ 1,717M	100%	5%	1%

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

	<b>Q4 FY13</b>	<b>Q3 FY13</b>	<b>Q4 FY12</b>
Non-GAAP Gross Margin	<b>61.3%</b>	60.4%	59.6%
Product	<b>55.8%</b>	53.1%	52.9%
S/W Entitlements & Maintenance	<b>96.7%</b>	96.8%	96.8%
Service	<b>56.2%</b>	58.7%	59.2%

## Operating Expenses

	<b>Q4 FY13</b>	<b>Q3 FY13</b>	<b>Q4 FY12</b>
Non-GAAP Operating Expenses	\$ 761M	\$ 707M	\$ 709M

Non-GAAP operating expenses of \$761 million increased 8% sequentially and 7% year over year. Q4 non-GAAP operating expenses were 44% of net revenue, compared to 43% in Q3.

Our global headcount increased to approximately 13,060 at the end of Q4, up from approximately 13,020 at the end of Q3.

GAAP operating expenses included approximately \$59 million in stock-based compensation and approximately \$7 million in amortization of intangible assets.

## Income from Operations, Other Income & Effective Tax Rate

	<b>Q4 FY13</b>	<b>Q3 FY13</b>	<b>Q4 FY12</b>
Non-GAAP Income from Operations	\$ 291M	\$ 278M	\$ 305M
% of Net Revenue	<b>17.0%</b>	17.1%	17.9%
Non-GAAP Other Income, Net	\$ 1M	\$ 3M	\$ 7M
Non-GAAP Income Before Income Taxes	\$ 292M	\$ 281M	\$ 312M
Non-GAAP Effective Tax Rate	<b>13.4%</b>	13.6%	19.0%

Non-GAAP income from operations was \$291 million, an increase of 5% sequentially and a decrease of 5% year over year. Non-GAAP operating margin was 17% of Q4 net revenue.

Non-GAAP other income, net was \$1 million. GAAP other expenses, net includes non-cash interest expense of approximately \$16 million associated with our convertible notes.

Non-GAAP income before income taxes was \$292 million, or 17.0% of net revenue in Q4, compared to 17.2% of net revenue in the prior quarter and 18.3% of net revenue in Q4 last year. Our Q4 non-GAAP effective tax rate was 13.4%.

#### Net Income

	Q4FY13	Q3 FY13	Q4 FY12
Non-GAAP Net Income	\$ 253M	\$ 243M	\$ 252M
Weighted Average Common Shares Outstanding, Diluted	368M	365M	382M
Non-GAAP Net Income per Share, Diluted	\$ 0.69	\$ 0.67	\$ 0.66

Non-GAAP net income was \$253 million, or \$0.69 per share. GAAP net income was \$174 million, or \$0.47 per share. Our diluted share count was approximately 368 million shares, an increase of approximately 3 million shares from the prior quarter.

#### Impact of Convertible Note Transaction on Share Count

	Q4 FY13	Q3 FY13	Q4 FY12
Convertible Notes <sup>3</sup>	3M	--M	10M
Warrants	--	--	1M

For Q4, diluted share count was approximately 368 million. With an average share price of \$34.67 during our fourth quarter, the convertible notes had an impact of 3 million shares on our share count, assuming full conversion of all the notes at that per share price. 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.

<sup>3</sup> 80% hedged on maturity or conversion of the convertible notes.

Prior to the maturity and conversion of our convertible debt on June 1, 2013, 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 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 2 million 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

	Q4 FY13	Q3 FY13	Q4 FY12
Cash, Cash Equivalents & Investments	\$ 6.95B	\$ 6.72B	\$ 5.40B
Deferred Revenue	\$ 3.01B	\$ 2.88B	\$ 2.82B
DSO (days) <sup>4</sup>	42	35	44
Inventory Turns <sup>5</sup>	19.1	14.9	17.0

Cash, cash equivalents and short-term investments totaled \$6.95 billion at the end of Q4, an increase of \$229 million from Q3 and \$1.6 billion from Q4 last year. The increase from Q4 last year reflects net proceeds of \$994 million from our December 2012 issuance of senior notes. Of our cash, cash equivalents and investment balance, 49% was held in the U.S. At the end of Q4, total deferred revenue balance was \$3.01 billion, up \$134 million from Q3 and up \$194 million from Q4 last year.

#### Select Cash Flow Statement Items

	Q4 FY13	Q3 FY13	Q4 FY12
Net Cash Provided by Operating Activities	\$ 456M	\$ 365M	\$ 583M
Purchases of Property and Equipment	\$ 64M	\$ 111M	\$ 124M
Free Cash Flow <sup>6</sup>	\$ 392M	\$ 254M	\$ 458M
Free Cash Flow as % of Total Revenue	23%	16%	27%

Net cash provided by operating activities was \$456 million, an increase of 25% sequentially and a decrease of 22% year over year. Capital expenditures were \$64 million. Free cash flow totaled \$392 million or 23% of revenue.

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

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

<sup>6</sup> 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.



## Q1 FY14 Outlook

	Q1 FY14 Outlook
Revenue	<b>\$1.475 - \$1.575B</b> <b>-14% to -8% sequential change</b> <b>2% to 9% year over year growth</b>
Share Count	<b>367M</b>
Non-GAAP Net Income per Share, Diluted	<b>\$0.45 - \$0.50</b>
GAAP Net Income per Share, Diluted	<b>\$0.13 - \$0.18</b>

This outlook is based on current business expectations, market conditions, normal slower seasonality of the first quarter 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 \$35.11 for the first 10 trading days of our first quarter of fiscal 2014. We estimate share count for the first quarter of fiscal year 2014 will decrease slightly to approximately 367 million shares, including an estimated 2 million shares from our outstanding convertible notes. Diluted share count does not include our outstanding note hedge conversion for the period prior to the conversion, which is expected to offset approximately 2 million shares when the conversion or maturity occurs on June 1, 2013.

## Other Business Metrics

## Geographic Mix

	% of Q4 FY13 Revenue	Q4 FY13 Revenue	Year/Year Change
Americas	57%	\$ 971M	1%
<i>Americas Commercial</i>	43%	\$ 744M	4%
<i>U.S. Public Sector</i>	13%	\$ 227M	-10%
EMEA	30%	\$ 523M	0%
Asia Pacific	13%	\$ 222M	5%

Americas contributed \$971 million or 57% of revenue, an increase of 10% sequentially and 1% year over year. The Americas includes U.S. commercial sector and U.S. public sector. The U.S. commercial sector contributed \$744 million or 43% of revenue, an increase of 9% sequentially and 4% year over year. The U.S. public sector generated \$227 million or 13% of revenue, an increase of 13% from the prior quarter and a decrease of 10% year over year. EMEA contributed \$523 million or 30% of total revenue, a decrease of 1% sequentially and flat year over year. Asia Pacific generated \$222 million or 13% of revenue, an increase of 2% from the prior quarter and 5% year over year.

#### Pathways Mix

	% of Q4 FY13 Revenue	% of Q3 FY13 Revenue	% of Q4 FY12 Revenue
Direct	19%	19%	21%
Indirect Pathways	81%	81%	79%
Arrow	21%	18%	18%
Avnet	16%	15%	13%
OEM Customers	10%	12%	12%

Direct revenue was 19% of Q4 revenue, an increase of 4% sequentially and a decrease of 12% year over year. Indirect pathways represented 81% of this quarter's revenue, an increase of 6% sequentially and 4% year over year on a dollar basis.

Within the indirect pathways, Arrow accounted for 21% of Q4 revenues and Avnet contributed 16% of this quarter's revenue. Q3 customer revenues have been revised slightly from those previously reported to account for the changes in customers' legal structures. Revenue from OEM customers was 10% of net revenue.

#### Capacity Trends

(in Petabytes)	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
Fibre Channel	43	47	30	27	15
ATA	751	646	692	731	828
SAS	391	256	283	339	394
Total	1,185	949	1,005	1,097	1,237

In Q4, we shipped over 1.2 exabytes of storage, an increase of 13% sequentially and 4% 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 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.*

Non-GAAP to GAAP Reconciliation

**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			Year Ended	
	April 26, 2013	January 25, 2013	April 27, 2012	April 26, 2013	April 27, 2012
<b>SUMMARY RECONCILIATION OF NET INCOME</b>					
<b>NET INCOME</b>	\$ 173.8	\$ 158.1	\$ 180.7	\$ 505.3	\$ 605.4
Adjustments:					
Amortization of intangible assets	21.5	21.4	21.4	85.8	89.0
Stock-based compensation	65.1	67.3	59.8	276.6	257.6
Acquisition-related expense	-	1.7	2.4	1.7	17.8
Non-cash interest expense	16.2	15.3	14.2	60.2	52.9
Gain on investments	-	(0.7)	(0.6)	(0.7)	(1.3)
Income tax effect of non-GAAP adjustments	(24.1)	(20.4)	(25.5)	(88.3)	(95.2)
<b>NON-GAAP NET INCOME</b>	<u>\$ 252.5</u>	<u>\$ 242.7</u>	<u>\$ 252.4</u>	<u>\$ 840.6</u>	<u>\$ 926.2</u>
<b>DETAILED RECONCILIATION OF SPECIFIC ITEMS:</b>					
<b>COST OF REVENUES</b>	\$ 684.3	\$ 665.2	\$ 707.5	\$ 2,571.3	\$ 2,519.8
Adjustments:					
Amortization of intangible assets	(14.1)	(13.9)	(14.0)	(55.9)	(55.8)
Stock-based compensation	(5.8)	(6.2)	(5.3)	(25.5)	(23.2)
Acquisition-related expense	-	-	-	-	(5.4)
<b>NON-GAAP COST OF REVENUES</b>	<u>\$ 664.4</u>	<u>\$ 645.1</u>	<u>\$ 688.2</u>	<u>\$ 2,489.9</u>	<u>\$ 2,435.4</u>
<b>COST OF PRODUCT REVENUES</b>	\$ 517.9	\$ 512.5	\$ 564.0	\$ 1,959.9	\$ 1,979.9
Adjustments:					
Amortization of intangible assets	(13.5)	(13.9)	(14.0)	(55.3)	(55.8)
Stock-based compensation	(1.4)	(1.4)	(1.3)	(6.1)	(5.4)
Acquisition-related expense	-	-	-	-	(5.4)
<b>NON-GAAP COST OF PRODUCT REVENUES</b>	<u>\$ 503.0</u>	<u>\$ 497.2</u>	<u>\$ 548.7</u>	<u>\$ 1,898.5</u>	<u>\$ 1,913.3</u>
<b>COST OF SERVICE REVENUES</b>	\$ 159.0	\$ 145.4	\$ 136.7	\$ 583.1	\$ 516.0
Adjustment:					
Stock-based compensation	(4.4)	(4.8)	(4.0)	(19.4)	(17.8)
Amortization of intangible assets	(0.6)	-	-	(0.6)	-
<b>NON-GAAP COST OF SERVICE REVENUES</b>	<u>\$ 154.0</u>	<u>\$ 140.6</u>	<u>\$ 132.7</u>	<u>\$ 563.1</u>	<u>\$ 498.2</u>
<b>GROSS PROFIT</b>	\$ 1,032.2	\$ 964.9	\$ 995.0	\$ 3,761.1	\$ 3,713.4
Adjustments:					
Amortization of intangible assets	14.1	13.9	14.0	55.9	55.8
Stock-based compensation	5.8	6.2	5.3	25.5	23.2
Acquisition-related expense	-	-	-	-	5.4
<b>NON-GAAP GROSS PROFIT</b>	<u>\$ 1,052.1</u>	<u>\$ 985.0</u>	<u>\$ 1,014.3</u>	<u>\$ 3,842.5</u>	<u>\$ 3,797.8</u>
<b>SALES AND MARKETING EXPENSES</b>	\$ 510.2	\$ 493.5	\$ 478.1	\$ 1,974.8	\$ 1,864.0
Adjustments:					
Amortization of intangible assets	(7.4)	(7.5)	(7.4)	(29.8)	(33.0)
Stock-based compensation	(30.4)	(31.9)	(29.5)	(132.2)	(126.0)
<b>NON-GAAP SALES AND MARKETING EXPENSES</b>	<u>\$ 472.4</u>	<u>\$ 454.1</u>	<u>\$ 441.2</u>	<u>\$ 1,812.8</u>	<u>\$ 1,705.0</u>
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	\$ 243.4	\$ 215.6	\$ 221.6	\$ 904.2	\$ 828.2
Adjustments:					
Amortization of intangible assets	-	-	-	(0.1)	(0.2)
Stock-based compensation	(20.3)	(20.8)	(17.1)	(84.1)	(74.1)
Acquisition-related expense	-	-	-	-	(2.6)

<b>NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES</b>	<u>\$ 223.1</u>	<u>\$ 194.8</u>	<u>\$ 204.5</u>	<u>\$ 820.0</u>	<u>\$ 751.3</u>
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**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 26, 2013</u>	<u>January 25, 2013</u>	<u>April 27, 2012</u>	<u>April 26, 2013</u>	<u>April 27, 2012</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	\$ 74.2	\$ 66.2	\$ 71.5	\$ 272.6	\$ 264.9
Adjustment:					
Stock-based compensation	(8.6)	(8.4)	(7.9)	(34.8)	(34.3)
<b>NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>\$ 65.6</u>	<u>\$ 57.8</u>	<u>\$ 63.6</u>	<u>\$ 237.8</u>	<u>\$ 230.6</u>
<b>ACQUISITION-RELATED EXPENSE</b>	\$ -	\$ 1.7	\$ 2.4	\$ 1.7	\$ 9.8
Adjustment:					
Acquisition-related expense	-	(1.7)	(2.4)	(1.7)	(9.8)
<b>NON-GAAP ACQUISITION-RELATED EXPENSE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OPERATING EXPENSES</b>	\$ 827.8	\$ 777.0	\$ 773.6	\$ 3,153.3	\$ 2,966.9
Adjustments:					
Amortization of intangible assets	(7.4)	(7.5)	(7.4)	(29.9)	(33.2)
Stock-based compensation	(59.3)	(61.1)	(54.5)	(251.1)	(234.4)
Acquisition-related expense	-	(1.7)	(2.4)	(1.7)	(12.4)
<b>NON-GAAP OPERATING EXPENSES</b>	<u>\$ 761.1</u>	<u>\$ 706.7</u>	<u>\$ 709.3</u>	<u>\$ 2,870.6</u>	<u>\$ 2,686.9</u>
<b>INCOME FROM OPERATIONS</b>	\$ 204.4	\$ 187.9	\$ 221.4	\$ 607.8	\$ 746.5
Adjustments:					
Amortization of intangible assets	21.5	21.4	21.4	85.8	89.0
Stock-based compensation	65.1	67.3	59.8	276.6	257.6
Acquisition-related expense	-	1.7	2.4	1.7	17.8
<b>NON-GAAP INCOME FROM OPERATIONS</b>	<u>\$ 291.0</u>	<u>\$ 278.3</u>	<u>\$ 305.0</u>	<u>\$ 971.9</u>	<u>\$ 1,110.9</u>
<b>TOTAL OTHER EXPENSE, NET</b>	\$ (15.5)	\$ (12.1)	\$ (6.9)	\$ (41.2)	\$ (34.1)
Adjustment:					
Non-cash interest expense	16.2	15.3	14.2	60.2	52.9
Gain on investments	-	(0.7)	(0.6)	(0.7)	(1.3)
<b>NON-GAAP TOTAL OTHER INCOME, NET</b>	<u>\$ 0.7</u>	<u>\$ 2.5</u>	<u>\$ 6.7</u>	<u>\$ 18.3</u>	<u>\$ 17.5</u>
<b>INCOME BEFORE INCOME TAXES</b>	\$ 188.9	\$ 175.8	\$ 214.5	\$ 566.6	\$ 712.4
Adjustments:					
Amortization of intangible assets	21.5	21.4	21.4	85.8	89.0
Stock-based compensation	65.1	67.3	59.8	276.6	257.6
Acquisition-related expense	-	1.7	2.4	1.7	17.8
Non-cash interest expense	16.2	15.3	14.2	60.2	52.9
Gain on investments	-	(0.7)	(0.6)	(0.7)	(1.3)
<b>NON-GAAP INCOME BEFORE INCOME TAXES</b>	<u>\$ 291.7</u>	<u>\$ 280.8</u>	<u>\$ 311.7</u>	<u>\$ 990.2</u>	<u>\$ 1,128.4</u>
<b>PROVISION FOR INCOME TAXES</b>	\$ 15.1	\$ 17.7	\$ 33.8	\$ 61.3	\$ 107.0
Adjustment:					
Income tax effect of non-GAAP adjustments	24.1	20.4	25.5	88.3	95.2
<b>NON-GAAP PROVISION FOR INCOME TAXES</b>	<u>\$ 39.2</u>	<u>\$ 38.1</u>	<u>\$ 59.3</u>	<u>\$ 149.6</u>	<u>\$ 202.2</u>
<b>NET INCOME PER SHARE</b>	\$ 0.472	\$ 0.434	\$ 0.473	\$ 1.373	\$ 1.575
Adjustments:					
Amortization of intangible assets	0.058	0.059	0.056	0.233	0.232
Stock-based compensation	0.177	0.184	0.157	0.752	0.670
Acquisition-related expense	-	0.005	0.006	0.004	0.046
Non-cash interest expense	0.044	0.042	0.037	0.164	0.138

Gain on investments	-	(0.002)	(0.001)	(0.002)	(0.003)
Income tax effect of non-GAAP adjustments	(0.065)	(0.057)	(0.067)	(0.240)	(0.248)
<b>NON-GAAP NET INCOME PER SHARE</b>	<u>\$ 0.686</u>	<u>\$ 0.665</u>	<u>\$ 0.661</u>	<u>\$ 2.284</u>	<u>\$ 2.410</u>

**NETAPP, INC.**  
**RECONCILIATION OF NON GAAP GUIDANCE**  
**TO GAAP**  
**EXPRESSED AS EARNINGS PER SHARE**  
**FIRST QUARTER 2014**  
**(Unaudited)**

**First Quarter**  
**2014**

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Non-GAAP Guidance - Net Income Per Share	\$0.45 - \$0.50
Adjustments of Specific Items to Net Income Per Share for the First Quarter 2014:	
Amortization of intangible assets	(0.04)
Stock-based compensation expense	(0.18)
Restructuring & other charges	(0.15)
Non-cash interest expense	(0.02)
Income tax effect	0.07
Total Adjustments	(0.32)
GAAP Guidance - Net Income Per Share	\$0.13 - \$0.18