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): February 17, 2010

NETAPP, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**0-27130**	**77-0307520**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

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

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

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

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

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On February 17, 2010, NetApp, Inc. ("NetApp" or the "Company") issued a press release and prepared remarks reporting financial results for the third quarter ended January 29, 2010. The press release and prepared remarks 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 consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP) , the press release and prepared remarks 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 net income and historical and future non-GAAP net income per diluted share. For its internal budgeting and resource allocation purposes, NetApp's management uses non-GAAP measures that exclude: (a) the GSA settlement, (b) amortization of intangible assets, (c) stock-based compensation expenses, (d) merger termination proceeds (net of related expenses), (e) restructuring and other charges, (f) asset impairment, (g) noncash interest expense associated with our convertible debt, (h) net loss or gain on investments and (i) related income tax effects. NetApp's management uses these non-GAAP measures in making operating decisions because it believes the measures provide meaningful supplemental information regarding NetApp's operations. In addition, these non-GAAP financial measures facilitate comparisons to its competitors' historical results and operating guidance.

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

A. *GSA Settlement.* NetApp excludes from its revenue the impact of its GSA settlement because management believes that the settlement amount does not reflect NetApp's underlying business or future revenue generating potential and, therefore, management excludes the settlement amount in assessing the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods.

B. *Amortization of intangible assets.* NetApp records amortization of intangible assets primarily in connection with its acquisition of certain businesses and technologies. The amortization of intangible assets represents non-cash charges and management finds it useful to exclude them variable charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods.

C. *Stock-based compensation expenses.* NetApp excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses and management finds excluding them useful in order to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods.

D. *Merger termination proceeds (net of related expenses).* NetApp excludes merger termination proceeds (net of related expenses) from its non-GAAP measures primarily because these proceeds were not generated by our on-going business and, therefore, cannot be relied upon for future planning and forecasting.

E. *Restructuring and other charges.* These expenses are associated with realigning our business strategies and resizing its business based upon current economic and market conditions. In connection with these restructuring actions, we recognize costs related to termination benefits for former employees whose positions were eliminated, and the closure of facilities and cancelation of certain contracts. We exclude these charges because these expenses are not reflective of ongoing operating results in the current period.

F. *Asset impairment.* These are non-cash charges to write down property and equipment when there was an indication that an asset was impaired. As explained above, management finds it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and
forecasting future periods.

G. *Noncash interest expense associated with our convertible debt*. These are non-cash charges that we incurred related to the amortization of the discount on the issuance costs related to our 1.75% convertible senior notes due 2013 and therefore represents non-cash expense.

H. *(Gain) loss on investments, net.* These non-cash items represent recognized gains and losses on our investment portfolio and does not reflect the results of our underlying, on-going businesses. Therefore, management finds it useful to exclude these items to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future period.

I. *Income tax effects.* The income tax effects that are excluded from the non-GAAP measures relate to the tax impact on the difference between GAAP and non-GAAP costs and expenses, primarily due to differences in the timing of when income tax benefits are recognized for stock compensation and intangible assets for GAAP and non-GAAP measures.

J. *Discrete GAAP tax provision items.* The income tax effects of discreet GAAP tax provision items relating to Non-GAAP cost and expense and other such items that are not reflective of ongoing operating results in the current period.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit	Description
99.1	Press release, dated February 17, 2010, reporting earnings for the fiscal quarter ended January 29, 2010.
99.2	Prepared Remarks, dated February 17, 2010.

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)

February 17, 2010	By:	/s/ Andrew Kryder
		Andrew Kryder Secretary, General Counsel, and Senior Vice President, Legal

Index to Exhibits

Exhibit	Description
99.1	Press release, dated February 17, 2010, reporting earnings for the fiscal quarter ended January 29, 2010.
99.2	Prepared remarks, dated February 17, 2010.

Exhibit 99.1

NetApp Announces Results for Third Quarter of Fiscal Year 2010

Record Revenues of $1.01 Billion; Non-GAAP EPS of $0.40

SUNNYVALE, CA--(Marketwire - February 17, 2010) - NetApp (NASDAQ: NTAP) today reported results for the third quarter of fiscal year 2010, which ended January 29, 2010. GAAP revenues for the third quarter of fiscal 2010 were $1.01 billion, compared to GAAP and non-GAAP revenues(1) of $746 million and $874 million, respectively, for the same period one year ago.

For the third fiscal quarter of 2010, GAAP net income was $108 million, or $0.30 per share(2) compared to GAAP net loss of $82 million, or ($0.25) per share for the same period in the prior year. Non-GAAP(3) net income for the third fiscal quarter of 2010 was $144 million, or $0.40 per share, compared to non-GAAP net income of $93 million, or $0.28 per share for the same period one year ago.

GAAP revenues for the first nine months of the current fiscal year totaled $2.76 billion, compared to GAAP and non-GAAP revenues of $2.5 billion and $2.7 billion, respectively, for the first nine months of the prior fiscal year.

GAAP net income for the first nine months of the current fiscal year totaled $255 million, or $0.73 per share, compared to GAAP net loss of $4 million, or $0.01 per share for the first nine months of the prior fiscal year. Non-GAAP net income for the first nine months of the current fiscal year totaled $350 million, or $1.00 per share, compared to non-GAAP net income of $262 million, or $0.78 per share for the first nine months of the prior fiscal year.

"The NetApp team demonstrated remarkable execution this quarter. With record revenues, record profits and record EPS, the company produced double-digit year over year revenue growth and our operations team shipped a record number of systems, despite persistent supply constraints," said Tom Georgens, president and CEO. "I am very pleased with the breadth of our progress. Business levels grew in every major geography, we gained momentum in both our channel and our direct business, and clearly gained market share this quarter."

Outlook

- NetApp estimates revenue for the fourth quarter of fiscal year 2010 to be in the range of $1.07 billion to $1.10 billion.

- NetApp estimates share count for the fourth quarter of fiscal year 2010 to increase by about 6 million shares.

- NetApp estimates that the fourth quarter of fiscal year 2010 GAAP earnings per share will be approximately $0.31 to $0.33 per share. NetApp estimates that the fourth quarter fiscal year 2010 non-GAAP earnings per share to be approximately $0.42 to $0.44 per share.

Business Highlights

In the third quarter of fiscal year 2010, NetApp made several key announcements regarding new and expanded alliances with top IT industry leaders, the delivery of new products and solutions designed to drive greater efficiency in customers' shared data center infrastructures, and several industry awards and accolades. Key business highlights during the quarter included the following.

New and Expanded Strategic Alliances

- **Cisco, NetApp, and VMware Expand Longstanding Collaboration.** Cisco, NetApp, and VMware collaborated to deliver new design architectures that help customers make their virtualized data centers more efficient, dynamic, and secure. The companies introduced an end-to-end secure multi-tenancy design architecture that provides enhanced security when sharing data center resources across virtualized and enterprise cloud environments. Cisco, NetApp, and VMware will also offer a cooperative support model for these pretested and validated design architectures to help customers quickly build a unified, virtualized infrastructure.

- **Microsoft and NetApp Announce Strategic Alliance.** Microsoft and NetApp announced a new three-year agreement to collaborate on and deliver technology solutions that span virtualization, private cloud computing, and storage and data management. This will enable customers to increase data center management efficiencies, reduce costs, and improve business agility. The strategic alliance will deepen product collaboration and technical integration and will extend joint sales and marketing activities to customers worldwide.

- **Fujitsu and NetApp Plan to Expand Their Global Partnership.** Fujitsu and NetApp announced their intention to deepen their partnership globally and to provide more tightly integrated and automated storage and data management solutions. The companies intend to jointly develop integrated products and services specifically in the areas of virtualization, storage and data management, and storage services and solutions. The expanded relationship will enable customers to derive greater value and efficiencies from their dynamic infrastructures.

New Products and Solutions

- **New Tools to Manage Virtual Desktops in VMware Environments.** NetApp introduced new tools and support to help customers deploy and manage virtual desktops through VMware® View™ 4. With the release of NetApp® Rapid Cloning Utility 3.0, customers can simplify the way they provision VMware virtual machines and streamline their business.

- **New Virtualization Solutions for Microsoft Environments.** NetApp unveiled NetApp SnapManager® for Hyper-V™ and SnapManager 6.0 for Microsoft® Exchange Server to minimize the complexity of physical and virtualized infrastructures.

Industry Awards and Accolades

- **NetApp Named a Great Place to Work.** NetApp was ranked #7 in FORTUNE magazine's "100 Best Companies to Work For" list. This is the second consecutive year that NetApp ranked in the top 10 and the fourth consecutive year it ranked in the top 15.

- **Gartner Positions NetApp as Leader in Midrange Enterprise Disk Array Magic Quadrant.** NetApp was positioned by Gartner, Inc. in the Leaders quadrant in its recently released research note "Magic Quadrant for Midrange Enterprise Disk Arrays."(4) Vendors in the Leaders quadrant have the highest scores for their ability to execute and their completeness of vision.

- **NetApp eBI Project Earns InfoWorld 100 Award.** NetApp's enterprise business intelligence (eBI) project was honored as part of IDG's InfoWorld 100 Awards for 2009, which recognize the 100 most innovative uses of IT initiatives that further business goals.

- **NetApp Receives WRAP Award for Waste Management Programs.** The California Integrated Waste Management Board honored NetApp with a 2009 Waste Reduction Awards Program (WRAP) award. The award recognizes NetApp's corporate waste and recycling program and its achievements in minimizing its environmental impact through the conscientious use of products, activities, and services.

Webcast and Conference Call Information

The NetApp quarterly results conference call will be broadcast live on the Internet at http://investors.netapp.com on Wednesday, February 17, 2010, at 2:30 p.m. Pacific Time. This press release and any other information related to the call will also be posted on the Web site at that location. An audio replay Webcast will also be available after 5:30 p.m. Pacific Time on our Web site at http://investors.netapp.com.

Starting this quarter, NetApp will use a new hybrid format for disclosing key financial information associated with our quarterly results. Concurrent with this press release, NetApp has posted and distributed a separate document with financial commentary and statistics that previously were disclosed during our earnings calls. These prepared remarks will now be available at http://investors.netapp.com prior to the conference call in order to provide the investment community with additional time to analyze our results. This commentary will not be read during the earnings call.

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

"Safe Harbor" Statement Under U.S. Private Securities Litigation Reform Act of 1995
This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include all of the statements under the Outlook section relating to our forecasted operating results, share count, and metrics for the fourth quarter of fiscal year 2010, our expectations regarding our new partnership and strategic alliances and the benefits that we expect our customers to realize from using our products and those from our strategic alliances and partnerships. These forward-looking statements involve risks and uncertainties, and actual results could vary. Important factors that could cause actual results to differ materially from those in the forward-looking statements include customer demand for our products and services; our ability to increase revenue and manage our operating costs; increased competition risks associated with the anticipated growth in network storage market; our ability to deliver new product architectures and enterprise service offerings; our ability to design products and services that compete effectively from a price and performance perspective; our reliance on a limited number of suppliers; our ability to accurately forecast demand for our products; and other important factors as described in NetApp reports and documents filed from time to time with the Securities and Exchange Commission (SEC), including the factors described under the sections captioned "Risk Factors" in our most recently submitted 10-K and 10-Q. We disclaim any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

(1) Non-GAAP revenues for the third quarter and first nine months of fiscal year 2009 exclude the impact of the $128 million GSA settlement.

(2) GAAP earnings per share is calculated using the diluted number of shares for all periods presented except for the third quarter of fiscal year 2009, which is calculated using the basic number of shares.

(3) Non-GAAP results of operations exclude the GSA settlement, amortization of intangible assets, stock-based compensation expenses, merger termination proceeds (net of related expenses), restructuring and other charges, asset impairment, noncash interest expense associated with our convertible debt, net loss or gain on investments, and our GAAP tax provision, including discrete items, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate. Non-GAAP earnings per share is calculated using the diluted number of shares for all periods presented.

(4) "Magic Quadrant for Midrange Enterprise Disk Arrays" by Roger Cox, Stan Zaffos, and Pushan Rinnen, November 2009.

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 operational performance. Non-GAAP results of operations exclude the GSA settlement, amortization of intangible assets, stock-based compensation expenses, merger termination proceeds (net of related expenses), restructuring and other charges, asset impairment, noncash interest expense associated with our convertible debt, net loss or gain on investments, and our GAAP tax provision, including discrete items, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate. 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 facilitate management's internal comparisons to the Company's historical operating results and comparisons to competitors' operating results. We include these non-GAAP financial measures in our earnings announcement because we believe they are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making, such as employee compensation planning. In addition, 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 thousands)
(Unaudited)

	January 29, 2010	April 24, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,975,826	$ 1,494,153
Short-term investments	1,257,445	1,110,053
Accounts receivable, net	457,536	446,537
Inventories	72,048	61,104
Prepaid expenses and other assets	143,950	119,887
Short-term deferred income taxes	110,596	207,050
Total current assets	4,017,401	3,438,784
PROPERTY AND EQUIPMENT, net	797,961	807,923
GOODWILL	680,986	680,986
INTANGIBLE ASSETS, net	30,024	45,744
LONG-TERM INVESTMENTS AND RESTRICTED CASH	72,824	127,317
LONG-TERM DEFERRED INCOME TAXES AND OTHER ASSETS	369,438	283,625
	$ 5,968,634	$ 5,384,379
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 139,145	$ 137,826
Accrued compensation and related benefits	269,816	204,168
Other accrued liabilities	201,186	190,315
Accrual for GSA settlement	-	128,715
Income taxes payable	6,803	4,732
Deferred revenue	1,064,579	1,013,569
Total current liabilities	1,681,529	1,679,325
LONG-TERM DEBT AND OTHER OBLIGATIONS	1,229,751	1,219,216
LONG-TERM DEFERRED REVENUE	730,374	701,649
	3,641,654	3,600,190
STOCKHOLDERS' EQUITY	2,326,980	1,784,189
	$ 5,968,634	$ 5,384,379

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

	Three Months Ended		Nine Months Ended	
	January 29, 2010	January 23, 2009	January 29, 2010	January 23, 2009
REVENUES:				
Product	$ 618,955	$ 528,198	$ 1,622,349	$ 1,646,489
Software entitlements and maintenance	170,863	156,546	505,968	453,680
Service	221,832	189,599	631,321	554,581
GSA settlement	-	(128,000)	-	(128,000)
Net revenues	1,011,650	746,343	2,759,638	2,526,750
COST OF REVENUES:				
Cost of product	253,907	252,327	665,576	762,437
Cost of software entitlements and maintenance	2,944	2,320	9,162	6,765
Cost of service	113,259	98,480	314,186	301,528
Total cost of revenues	370,110	353,127	988,924	1,070,730
GROSS MARGIN	641,540	393,216	1,770,714	1,456,020
OPERATING EXPENSES:				
Sales and marketing	324,768	291,634	927,036	898,786
Research and development	129,329	122,662	392,000	373,509
General and administrative	58,079	51,048	174,569	151,523
Restructuring and other charges	68	18,955	2,743	18,955
Merger termination proceeds, net	-	-	(41,120)	-
Total operating expenses	512,244	484,299	1,455,228	1,442,773
INCOME (LOSS) FROM OPERATIONS	129,296	(91,083)	315,486	13,247
OTHER INCOME (EXPENSES), net:				
Interest income	7,464	12,799	23,060	45,894
Interest expense	(18,226)	(17,674)	(55,343)	(44,993)
Gain (loss) on investments, net	733	(1,691)	3,446	(26,926)
Other expenses, net	(1,369)	(1,249)	(3,587)	(3,717)
Total other expenses, net	(11,398)	(7,815)	(32,424)	(29,742)
INCOME (LOSS) BEFORE INCOME TAXES	117,898	(98,898)	283,062	(16,495)
PROVISION (BENEFIT) FOR INCOME TAXES	10,018	(17,275)	27,841	(12,648)
NET INCOME (LOSS)	$ 107,880	$ (81,623)	$ 255,221	$ (3,847)
NET INCOME (LOSS) PER SHARE:				
BASIC	$ 0.32	$ (0.25)	$ 0.76	$ (0.01)
DILUTED	$ 0.30	$ (0.25)	$ 0.73	$ (0.01)
SHARES USED IN PER SHARE CALCULATION:				
BASIC	341,439	329,026	337,478	330,067
DILUTED	360,321	329,026	349,438	330,067

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

	Three Months Ended January 29, 2010								
	GSA Settlement	Amortization of Intangible Assets	Stock-based Compensation Expenses	Asset Impairment	Restructuring and Other Charges	Mergers Termination Proceeds, Net	Non-Cash Interest Expense	(Gain) Loss on Investments, Net	Total
Cost of product revenues	-	$ 4,053	$ 1,017	-	-	-	-	-	$ 5,070
Cost of service revenues	-	-	3,317	-	-	-	-	-	3,317
Sales and marketing expense	-	848	17,175	-	-	-	-	-	18,023
Research and development expense	-	-	8,906	-	-	-	-	-	8,906
General and administrative expense	-	-	6,243	-	-	-	-	-	6,243
Restructuring and other charges	-	-	-	-	68	-	-	-	68
Interest expense	-	-	-	-	-	-	12,464	-	12,464
(Gain) loss on investments, net	-	-	-	-	-	-	-	(733)	(733)
Effect on income before income taxes	-	$ 4,901	$ 36,658	-	$ 68	-	$ 12,464	$ (733)	$ 53,358

	Nine Months Ended January 29, 2010								
	GSA Settlement	Amortization of Intangible Assets	Stock-based Compensation Expenses	Asset Impairment	Restructuring and Other Charges	Mergers Termination Proceeds, Net	Non-Cash Interest Expense	(Gain) Loss on Investments, Net	Total
Cost of product revenues	-	$ 13,041	$ 2,747	-	-	-	-	-	$ 15,788
Cost of service revenues	-	-	10,778	-	-	-	-	-	10,778
Sales and marketing expense	-	2,545	56,830	-	-	-	-	-	59,375
Research and development expense	-	-	29,531	-	-	-	-	-	29,531
General and administrative expense	-	-	22,201	-	-	-	-	-	22,201
Restructuring and other charges	-	-	-	-	2,743	-	-	-	2,743
Mergers termination proceeds, net	-	-	-	-	-	(41,120)	-	-	(41,120)
Interest expense	-	-	-	-	-	-	37,755	-	37,755

(Gain) loss on investments, net	-	-	-	-	-	-	-	(3,538)	(3,538)
Effect on pre-tax income	-	$ 15,586	$ 122,087	-	$ 2,743	$ (41,120)	$ 37,755	$ (3,538)	$ 133,513

	Three Months Ended January 23, 2009								
	GSA Settlement	**Amortization of Intangible Assets**	**Stock-based Compensation Expenses**	**Asset Impairment**	**Restructuring and Other Charges**	**Mergers Termination Proceeds, Net**	**Non-Cash Interest Expense**	**(Gain) Loss on Investments, Net**	**Total**
Total revenues	$ 128,000	-	-	-	-	-	-	-	$ 128,000
Cost of product revenues	-	6,161	775	-	-	-	-	-	6,936
Cost of service revenues	-	-	2,889	-	-	-	-	-	2,889
Sales and marketing expense	-	1,053	15,787	9,431	-	-	-	-	26,271
Research and development expense	-	-	8,982	-	-	-	-	-	8,982
General and administrative expense	-	-	5,997	-	-	-	-	-	5,997
Restructuring and other charges	-	-	-	-	18,955	-	-	-	18,955
Interest expense	-	-	-	-	-	-	10,436	-	10,436
(Gain) loss on investments, net	-	-	-	-	-	-		1,691	1,691
Effect on income before income taxes	$ 128,000	$ 7,214	$ 34,430	$ 9,431	$ 18,955	-	$ 10,436	$ 1,691	$ 210,157

	Nine Months Ended January 23, 2009								
	GSA Settlement	**Amortization of Intangible Assets**	**Stock-based Compensation Expenses**	**Asset Impairment**	**Restructuring and Other Charges**	**Mergers Termination Proceeds, Net**	**Non-Cash Interest Expense**	**(Gain) Loss on Investments, Net**	**Total**
Total revenues	$ 128,000	-	-	-	-	-	-	-	$ 128,000
Cost of product revenues	-	19,657	2,347	-	-	-	-	-	22,004
Cost of service revenues	-	-	8,349	-	-	-	-	-	8,349
Sales and marketing expense	-	3,571	44,978	9,431	-	-	-	-	57,980
Research and development expense	-	-	26,651	-	-	-	-	-	26,651
General and administrative expense	-	-	16,272	-	-	-	-	-	16,272
Restructuring and other charges	-	-	-	-	18,955	-	-	-	18,955
Interest expense	-	-	-	-	-	-	25,638	-	25,638

(Gain) loss on investments, net	-	-	-	-	-	-	-	26,926	26,926
Effect on pre-tax income	$ 128,000	$ 23,228	$ 98,597	$ 9,431	$ 18,955	-	$ 25,638	$ 26,926	$ 330,775

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

	Three Months Ended		Nine Months Ended	
	January 29, 2010	January 23, 2009	January 29, 2010	January 23, 2009
Cash Flows from Operating Activities:				
Net income (loss)	$ 107,880	$ (81,623)	$ 255,221	$ (3,847)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	40,774	44,367	125,963	129,834
Stock-based compensation	36,658	34,430	122,087	98,597
(Gain) loss on investments	108	1,691	(2,429)	17,627
Asset impairment and write-offs	577	27,505	1,717	28,265
Allowance for doubtful accounts	239	199	248	1,903
Accretion of discount and issue costs on notes	12,464	11,693	37,755	28,769
Deferred income taxes	(487)	(35,043)	(2,406)	(82,343)
Deferred rent	(2,010)	26	(2,839)	3,037
Tax benefit from stock-based compensation	(17,135)	(4,612)	(2,725)	40,937
Excess tax benefit from stock-based compensation	323	(617)	(1,027)	(34,928)
Changes in assets and liabilities:				
Accounts receivable	(139,663)	19,060	(7,946)	230,267
Inventories	(11,231)	(3,945)	(10,897)	(11,959)
Prepaid expenses and other assets	(26,234)	19,539	(27,305)	(463)
Accounts payable	16,498	(25,823)	(360)	(42,156)
Accrued compensation and related benefits	51,885	24,662	61,446	(6,094)
Other accrued liabilities	25,504	13,807	6,048	18,716
Accrual for GSA settlement	-	128,000	(128,715)	128,000
Income taxes payable	3,727	863	2,119	327
Long term other liabilities	20,736	11,966	14,402	11,148
Deferred revenue	74,300	49,855	60,085	137,998
Net cash provided by operating activities	194,913	236,000	500,442	693,635
Cash Flows from Investing Activities:				
Purchases of investments	(451,710)	(227,526)	(1,334,941)	(711,488)
Redemptions of investments	462,688	622,928	1,243,496	886,571
Reclassification from cash and cash equivalents to short-term investments	-	-	-	(597,974)
Change in restricted cash	173	(1,126)	(654)	(444)
Proceeds from nonmarketable securities	306	-	4,786	807
Purchases of property and equipment	(49,732)	(50,934)	(97,222)	(154,901)
Net cash provided by (used in) investing activities	(38,275)	343,342	(184,535)	(577,429)
Cash Flows from Financing Activities:				
Proceeds from sale of common stock related to employee stock transactions	103,491	27,852	169,379	73,417
Tax withholding payments reimbursed by employee stock transactions	(6,981)	(1,593)	(12,698)	(4,184)
Excess tax benefit from stock-based compensation	(323)	617	1,027	34,928
Proceeds from issuance of convertible notes	-	-	-	1,265,000
Payment of financing costs	-	-	-	(26,581)
Sale of common stock warrants	-	-	-	163,059
Purchase of note hedge	-	-	-	(254,898)
Repayment of revolving credit facility	-	(65,349)	-	(172,600)
Repurchases of common stock	-	-	-	(399,981)
Net cash provided by (used in) financing activities	96,187	(38,473)	157,708	678,160
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,840)	(3,698)	8,058	(22,645)
Net Increase in Cash and Cash Equivalents	246,985	537,171	481,673	771,721
Cash and Cash Equivalents:				
Beginning of period	1,728,841	1,171,029	1,494,153	936,479
End of period	$ 1,975,826	$ 1,708,200	$ 1,975,826	$ 1,708,200

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

	Three Months Ended		Nine Months Ended	
	January 29, 2010	January 23, 2009	January 29, 2010	January 23, 2009
SUMMARY RECONCILIATION OF NET INCOME				
NET INCOME (LOSS)	$ 107,880	$ (81,623)	$ 255,221	$ (3,847)
Adjustments:				
GSA settlement	-	128,000	-	128,000
Amortization of intangible assets	4,901	7,214	15,586	23,228
Stock-based compensation expenses	36,658	34,430	122,087	98,597
Asset impairment	-	9,431	-	9,431
Restructuring and other charges	68	18,955	2,743	18,955
Merger termination proceeds, net	-	-	(41,120)	-
Non-cash interest expense	12,464	10,436	37,755	25,638
(Gain) loss on investments, net	(733)	1,691	(3,538)	26,926
Discrete GAAP tax provision items	572	(3,880)	(7,265)	428
Income tax effect	(17,955)	(31,197)	(31,546)	(65,851)
NON-GAAP NET INCOME	$ 143,855	$ 93,457	$ 349,923	$ 261,505
NET INCOME (LOSS) PER SHARE	$ 0.299	$ (0.248)	$ 0.730	$ (0.012)
Adjustments:				
GSA settlement	-	0.387	-	0.382
Amortization of intangible assets	0.013	0.022	0.045	0.069
Stock-based compensation expenses	0.102	0.104	0.349	0.294
Asset impairment	-	0.029	-	0.028
Restructuring and other charges	-	0.057	0.008	0.057
Merger termination proceeds, net	-	-	(0.118)	-
Non-cash interest expense	0.035	0.032	0.108	0.077
(Gain) loss on investments, net	(0.002)	0.005	(0.010)	0.080
Discrete GAAP tax provision items	0.002	(0.012)	(0.021)	0.001
Income tax effect	(0.050)	(0.094)	(0.090)	(0.197)
NON-GAAP NET INCOME PER SHARE	$ 0.399	$ 0.282	$ 1.001	$ 0.779

NETAPP, INC.
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
FOURTH QUARTER 2010
(Unaudited)

		Fourth Quarter 2010
Non-GAAP Guidance	$	0.42 - $0.44
Adjustments of Specific Items to Net Income Per Share for the Fourth Quarter 2010:		
Stock based compensation expense		(0.10)
Amortization of intangible assets		(0.01)
Non cash interest expense		(0.04)
Income tax effect		0.04
Total Adjustments		(0.11)
GAAP Guidance -Net Income Per Share	$	0.31 - $0.33

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Exhibit 99.2

NetApp Q3 FY10 Earnings Results

Supplemental Commentary
February 17, 2010

Beginning with today's earnings results announcement, NetApp will be publishing written commentary, which has historically been provided during our live conference call, concurrently with our earnings press release. This information will be posted to our investor website and filed in an 8-K with the SEC. The intention of this change in our reporting format is to provide the investment community with additional time to review and analyze more information prior to commencement of the live call. Please note that these prepared remarks will not be read during the call. The live call will focus on strategic commentary from the CEO and CFO, followed by Q&A.

Safe Harbor Statement

These prepared remarks contain forward-looking statements and projections that involve risk and uncertainty, including statements regarding our financial performance for the fourth quarter of fiscal 2010. Actual results may differ materially from our statements or projections. Factors that could cause actual results to differ from our projections include, but are not limited to, customer demand for our products and services; our ability to increase revenue and manage our operating costs; increased competition risks associated with the anticipated growth in the networked storage market; our ability to deliver new product architectures and enterprise service offerings; our ability to design products and services that compete effectively from a price and performance perspective; our reliance on a limited number of suppliers; and our ability to accurately forecast demand for our products. Other equally important factors are detailed in our accompanying press release as well as our 10-K and 10-Q reports on file with the SEC and also available on our website, all of which are incorporated by reference into today's commentary.

All numbers stated herein are GAAP unless stated otherwise. To see the reconciling items between non-GAAP and GAAP, refer to the table at the end of this document, as well as in our press release and on our website.

Q3 Fiscal 2010 Overview

NetApp achieved several records in the third quarter, including record revenue, record number of systems shipped, record performance from nearly every geography, record income from operations and record net income per share. Our storage efficiency solutions are driving significant demand as customers begin to refresh and re-architect their data centers. Our record performance was achieved despite supply constraints which extended lead times throughout the quarter.

Revenue

	Q3 FY10 Revenue	% of Q3 FY10 Revenue	Year/Year Growth
Product Revenue	**$619M**	**61%**	**17%**
S/W Entitlements & Maintenance	**$171M**	**17%**	**9%**
Services	**$222M**	**22%**	**17%**
Total Revenue[1]	**$1,012M**	**100%**	**16%**

Revenue for the third quarter was $1.01 billion, up 11% sequentially and up 16% over non-GAAP revenue of $874 million in Q3 of last year. Foreign currency effects improved sequential results by 0.5 percentage points, and increased our year over year growth rate by about two percentage points.

Product revenue grew 18% sequentially and was up 17% year over year to $619 million. Products increased in the mix to 61% of total revenue. As we discussed on last quarter's call, we will no longer break out the mix of add-on software due to the increase in our bundled product offerings which mask the distinction between software and systems. It is no longer a useful indicator, given that the metric had been trending at the lowest levels in several years, yet product margins have been at or near all-time highs. The best proxy for the impact of software on our business going forward is our product gross margins.

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[1] GAAP revenue in Q3FY09 was $746 million. Non-GAAP revenue in Q3FY09 excludes the impact of the $128 million GSA settlement.

Revenue from software entitlements and maintenance (E&M), which is a deferred revenue element, was $171 million, or 17% of total revenue. Software E&M was up 1% sequentially and up 9% year over year. The growth in software E&M revenue will tend to track product revenue growth, albeit on a lagged basis.

Service revenue was $222 million and 22% of total revenue, up 3% sequentially and up 17% over Q3 of last year. Service revenues are comprised mainly of hardware maintenance support contracts and professional services.

- Revenue from hardware maintenance support contracts is also a deferred revenue element, and comprised approximately 64% of our services revenue this quarter. In Q3 it increased 4% sequentially and 23% year over year.

- The professional services component of service revenue increased 3% sequentially and was up 6% year over year.

Gross Margin

	Q3 FY10	Q2 FY10	Q3 FY09
Non-GAAP Gross Margin	**64.2%**	67.5%	60.7%
Product	**59.8%**	63.0%	53.5%
S/W Entitlements & Maintenance	**98.3%**	98.2%	98.5%
Services	**50.4%**	54.4%	49.6%

On a non-GAAP basis, consolidated gross margin was a 64.2% of revenue this quarter, in line with the forecast we provided at the end of the second quarter. This was about three percentage points lower than Q2—which we stated was unsustainably high. The decline to a more sustainable level this quarter was due to the return to more typical product margins and a modestly lower contribution from deferred elements coming off of the balance sheet. These deferred revenue elements carry a very high margin.

As expected, non-GAAP product gross margin was also down just over three percentage points sequentially to 59.8%. We did not expect last quarter's unusually favorable configuration mix to continue into Q3, and we passed along cost savings to customers during the quarter in order to stimulate share gains.

Non-GAAP service margin pulled back to 50.4% due to higher than expected commissions for professional services.

Non-GAAP Software E&M gross margins were up just slightly to 98.3%.

Operating Expenses

	Q3 FY10	Q2 FY10	Q3 FY09
Non-GAAP Operating Expenses	**$479M**	$459M	$424M

Non-GAAP operating expenses increased 4% sequentially and were up 13% year-over-year, totaling $479 million or 47% of revenue. These expense levels were approximately 6% above the midpoint of our forecast for the third quarter, primarily due to higher than planned accruals for commissions and incentive compensation related to outperformance on both the revenue and operating income lines. We also began selectively hiring in sales and engineering. Headcount at the end of the quarter was 8,174 – a net increase of 69 people.

On a GAAP basis, Q3 operating expenses include $32 million of stock compensation expense compared to $30 million in Q2, as well as amortization of intangible assets associated with prior acquisitions and the current period impact of prior restructuring actions.

Income from Operations & Other Income

	Q3 FY10	Q2 FY10	Q3 FY09
Non-GAAP Income from Operations	**$171M**	$155M	$107M
Non-GAAP Other Income (Expense)	**$0.33M**	$0M	$4M
Non-GAAP Income Before Income Taxes	**$171M**	$155M	$111M
Non-GAAP Provision for Income Taxes	**16.0%**	16.0%	16.0%
Non-GAAP Net Income	**$144M**	$130M	$93M
Non-GAAP Net Income per Share	**$0.40**	$0.37	$0.28

Non-GAAP income from operations was up 10% sequentially and 60% year over year to $171 million, or 16.9% of revenue.

Non-GAAP other income and expense was $0.33 million due to continued low interest rate levels. GAAP other income / (expense) also includes $12.5 million of non-cash interest expense associated with our convertible debt.

Non-GAAP income before income taxes was $171 million, or 16.9% of revenue. Our non-GAAP provision for income tax was $27 million and our effective tax rate remains at 16%. With the increase in stock price weighing heavily on the treasury method of accounting for shares outstanding again this quarter, NetApp's diluted share count increased sequentially by 10.6 million shares to 360 million shares outstanding.

Non-GAAP net income totaled $144 million, or $0.40 cents per share, a new record for NetApp.

Select Balance Sheet Items

	Q3 FY10	Q2 FY10	Q3 FY09
Cash & Short Term Investments	**$3.2B**	$3.0B	$2.5B
Deferred Revenue	**$1.8B**	$1.7B	$1.6B
DSO (days)[2]	**41**	32	36
Inventory Turns[3]	**20.2**	19.6	16.8

Q3 cash and short term investments totaled $3.2 billion. At the end of Q3, our cash and short term investments domiciled in the U.S. were 53% of this balance.

The total deferred revenue balance of $1.8 billion reflects a sequential increase of approximately $73 million this quarter and a 10% increase in the balance year over year.

With respect to DSO, accounts receivable days sales outstanding were 41 days this quarter, compared to an unusually low 32 days last quarter and 36 days in Q3 last year. Our current DSO of 41 days represents a more sustainable level.

Inventory turns were approximately 20 turns, up slightly from Q2, and up from 17 turns in Q3 of last year.

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[2] Days sales outstanding are defined as accounts receivable net divided by net revenue, multiplied by number of days in the quarter. (Calculation based on non-GAAP revenue in Q3FY09)

[3] Inventory turns are defined as annualized non-GAAP COGS divided by net inventory

Select Cash Flow Statement Items

	Q3 FY10	Q2 FY10	Q3 FY09
Net Cash Provided by Operating Activities	**$195M**	$267M	$236M
Purchases of Property and Equipment	**$50M**	$23M	$51M
Free Cash Flow[4]	**$145M**	$245M	$185M
Free Cash Flow as % of Revenue[5]	**14%**	27%	21%

Net cash provided by operating activities was $195 million, down 27% sequentially, primarily due to the increase in accounts receivable this quarter. Capital expenditures were about $50 million, up from $23 million last quarter, due to the purchase of land in India.

Free cash flow totaled $145 million, down 22% from Q3 last year. Expressed as a percent of revenue, Q3 free cash flow was 14% of revenue, below our targeted range of 17% - 22% as a result of a large increase in accounts receivable from the record low DSO level in Q2. Accounts receivables should remain relatively stable going forward, so free cash flow as a percent of revenue should return to our targeted range in Q4.

Q4 FY10 Outlook

	Q4 FY10 Outlook
Revenue	$1.07B – $1.10B
Share Count	Approximately 366M
Non-GAAP Net Income per Share	$0.42 - $0.44
GAAP Net Income per Share	$0.31 - $0.33

This forecast is based on current business expectations and current market conditions, and reflects our non-GAAP presentation.

Other Business Metrics

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[4] Free cash flow is defined as cash provided by operating activities less purchases of property and equipment

[5] Calculation based upon non-GAAP revenue in Q3FY09

Geographic Mix

	% of Q3 FY10 Revenue	Q3 FY10 Revenue	Year/Year Growth[6]
Americas	57%	$576M	26%
U.S. Public Sector	14%		
EMEA	33%	$337M	7%
AsiaPacific	10%	$99M	-3%

The Americas contributed 57% of total revenue, Americas revenue was up 16% sequentially and up 26% year over year. Included in the Americas, the US Public Sector Team delivered 14% of total revenue, despite fiscal Q3 usually being a seasonally slower period for government purchases.

EMEA was up 5% sequentially and up 7% year over year to 33% of total revenue. AsiaPacific contributed 10% of revenue this quarter, up 9% sequentially and down 3% year over year.

Channel Mix

Direct revenue was 30% of total revenue, up 4% sequentially and up 15% year over year. Indirect channel contribution was 70%, up 15% sequentially and up 16% over Q3 last year. Within the indirect channel, Arrow grew to a record 16% of total revenue and Avnet contributed a record 12% of revenue. Revenue from the IBM OEM partnership was a record high, accounting for nearly 6% of total revenue and up 9% over Q3 last year.

Large Customer Mix

The top 100 accounts were somewhat more balanced in the mix this quarter, accounting for about 42% of total revenue. Within that number was a seasonal decline in government business and an increase in contribution from commercial accounts.

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[6] Year over year growth is calculated using non-GAAP revenue in Q3FY09

Protocol Trends

	Q3 FY09	Q4 FY09	Q1 FY10	Q2 FY10	**Q3 FY10**
NAS	50%	47%	51%	48%	**42%**
SAN	14%	14%	15%	19%	**15%**
Unified	36%	39%	35%	34%	**42%**

Of configured system product revenue, this was our first quarter in which unified systems—systems sold with both a SAN and a NAS protocol—exceeded that of NAS-only systems. 15% of our configured system product revenue included a SAN protocol this quarter, just over 42% was unified, and about 42% was NAS only. We shipped a record number of NFS and CIFS licenses in Q3, and we are now shipping FCoE targets in production quantities.

According to our system-reported data, in virtualized server environments we are now consistently seeing about 42% of NetApp machines are running NAS and 58% are running SAN. We are also now beginning to see HyperV environments in the customer base.

Platform Trends

Total systems shipped grew dramatically this quarter, up 54% sequentially and up 34% year over year. While unit sales of all platform levels grew both sequentially and year over year, the step-function growth came from new mid-sized enterprise (MSE) business driving huge demand for our low end systems through the channel. Sales of high-end units were also up again this quarter, growing 29% sequentially and 16% year over year, and mid-range units shipped also grew by double digits both sequentially and year over year. Low end units were up 83% sequentially and up 48% year over year.

Our V-Series platform, which is our controller and data management software without any disks, delivered yet another record revenue quarter, and accounted for almost 20% of the net new Storage5000 accounts added during the period. This product is designed to provide NetApp data management and storage efficiency in front of large footprints of legacy SAN products offered by our competitors. It allows customers to experience NetApp functionality without a big initial investment, and it can pay for itself almost immediately with the space reclaimed when our space efficiency technologies are enabled. In fact, we guarantee a 35% capacity savings when deployed in front of other vendors' arrays. Units of V-Series shipped were up 68% year over year, and the fastest growing segments of this business are selling into EMC and HP midrange environments.

Capacity Trends

(in Petabytes)	Q3FY09	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10
Fibre Channel	70	72	69	79	88
ATA	149	165	175	173	209
SAS	9	8	7	8	29
Total	229	245	250	260	326

Total petabytes shipped grew 25% sequentially and 42% year over year to 326 petabytes. The mix of drive capacity also changed, with Fibre Channel dropping to 27% of total capacity shipped, ATA declining modestly to 64% of capacity shipped, and SAS tripling to 9% of capacity shipped this quarter.

Additional Information

For more detailed information about our solutions, corporate strategy and our go-to-market initiatives, you can find video replays of our October 8th analyst day presentations on our IR website at 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 operational performance. Non-GAAP results of operations exclude the GSA settlement, amortization of intangible assets, stock-based compensation expenses, merger termination proceeds (net of related expenses), restructuring and other charges, asset impairment, noncash interest expense associated with our convertible debt, net loss or gain on investments, and our GAAP tax provision, including discrete items, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate. 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 facilitate management's internal comparisons to the Company's historical operating results and comparisons to competitors' operating results. We include these non-GAAP financial measures in our earnings announcement because we believe they are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making, such as employee compensation planning. In addition, 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 thousands, except net income per share amounts)
(Unaudited)

	Three Months Ended		
	January 29, 2010	January 23, 2009	October 30, 2009
SUMMARY RECONCILIATION OF NET INCOME			
NET INCOME (LOSS)	$ 107,880	$ (81,623)	$ 95,677
Adjustments:			
GSA settlement	-	128,000	-
Amortization of intangible assets	4,901	7,214	5,122
Stock-based compensation expenses	36,658	34,430	33,245
Asset impairment	-	9,431	-
Restructuring and other charges	68	18,955	1,179
Merger termination proceeds, net	-	-	-
Non-cash interest expense	12,464	10,436	12,211
(Gain) loss on investments, net	(733)	1,691	(2,805)
Discrete GAAP tax provision items	572	(3,880)	(645)
Income tax effect	(17,955)	(31,197)	(13,848)
NON-GAAP NET INCOME	$ 143,855	$ 93,457	$ 130,136
DETAILED RECONCILIATION OF SPECIFIC ITEMS:			
TOTAL REVENUES	$ 1,011,650	$ 746,343	$ 910,027
Adjustment:			
GSA settlement	-	128,000	-
NON-GAAP TOTAL REVENUES	$ 1,011,650	$ 874,343	$ 910,027
COST OF REVENUES	$ 370,110	$ 353,127	$ 303,346
Adjustment:			
Amortization of intangible assets	(4,053)	(6,161)	(4,273)
Stock-based compensation expenses	(4,334)	(3,664)	(3,452)
NON-GAAP COST OF REVENUES	$ 361,723	$ 343,302	$ 295,621
COST OF PRODUCT REVENUES	$ 253,907	$ 252,327	$ 199,134
Adjustment:			
Amortization of intangible assets	(4,053)	(6,161)	(4,273)
Stock-based compensation expenses	(1,017)	(775)	(510)
NON-GAAP COST OF PRODUCT REVENUES	$ 248,837	$ 245,391	$ 194,351
COST OF SERVICE REVENUES	$ 113,259	$ 98,480	$ 101,106
Adjustment:			
Stock-based compensation expenses	(3,317)	(2,889)	(2,942)
NON-GAAP COST OF SERVICE REVENUES	$ 109,942	$ 95,591	$ 98,164
GROSS MARGIN	$ 641,540	$ 393,216	$ 606,681
Adjustment:			
GSA settlement	-	128,000	0
Amortization of intangible assets	4,053	6,161	4,273
Stock-based compensation expenses	4,334	3,664	3,452
NON-GAAP GROSS MARGIN	$ 649,927	$ 531,041	$ 614,406
SALES AND MARKETING EXPENSES	$ 324,768	$ 291,634	$ 300,835
Adjustments:			
Amortization of intangible assets	(848)	(1,053)	(849)
Stock-based compensation expenses	(17,175)	(15,787)	(15,690)
Asset impairment	-	(9,431)	-
NON-GAAP SALES AND MARKETING EXPENSES	$ 306,745	$ 265,363	$ 284,296

RESEARCH AND DEVELOPMENT EXPENSES	$ 129,329	$ 122,662	$ 132,354
Adjustments:			
Stock-based compensation expenses	(8,906)	(8,982)	(7,909)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	$ 120,423	$ 113,680	$ 124,445
GENERAL AND ADMINISTRATIVE EXPENSES	$ 58,079	$ 51,048	$ 56,939
Adjustments:			
Stock-based compensation expenses	(6,243)	(5,997)	(6,194)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	$ 51,836	$ 45,051	$ 50,745
OPERATING EXPENSES	$ 512,244	$ 484,299	$ 491,307
Adjustments:			
Amortization of intangible assets	(848)	(1,053)	(849)
Stock-based compensation expenses	(32,324)	(30,766)	(29,793)
Asset impairment	-	(9,431)	
Restructuring and other charges	(68)	(18,955)	(1,179)
Merger termination proceeds, net	-	-	-
NON-GAAP OPERATING EXPENSES	$ 479,004	$ 424,094	$ 459,486
INCOME (LOSS) FROM OPERATIONS	$ 129,296	$ (91,083)	$ 115,374
Adjustments:			
GSA settlement	-	128,000	-
Amortization of intangible assets	4,901	7,214	5,122
Stock-based compensation expenses	36,658	34,430	33,245
Asset impairment	-	9,431	-
Restructuring and other charges	68	18,955	1,179
Merger termination proceeds, net	-	-	-
NON-GAAP INCOME FROM OPERATIONS	$ 170,923	$ 106,947	$ 154,920
TOTAL OTHER INCOME (EXPENSES), NET	$ (11,398)	$ (7,815)	$ (9,402)
Adjustments:			
Non-cash interest expense	12,464	10,436	12,211
(Gain) loss on investments, net	(733)	1,691	(2,805)
NON-GAAP TOTAL OTHER INCOME (EXPENSES), NET	$ 333	$ 4,312	$ 4
INCOME (LOSS) BEFORE INCOME TAXES	$ 117,898	$ (98,898)	$ 105,972
Adjustments:			
GSA settlement	-	128,000	-
Amortization of intangible assets	4,901	7,214	5,122
Stock-based compensation expenses	36,658	34,430	33,245
Asset impairment	-	9,431	-
Restructuring and other charges	68	18,955	1,179
Merger termination proceeds, net	-	-	-
Non-cash interest expense	12,464	10,436	12,211
(Gain) loss on investments, net	(733)	1,691	(2,805)
NON-GAAP INCOME BEFORE INCOME TAXES	$ 171,256	$ 111,259	$ 154,924
PROVISION (BENEFIT) FOR INCOME TAXES	$ 10,018	$ (17,275)	$ 10,295
Adjustments:			
Discrete GAAP tax provision items	(572)	3,880	645
Income tax effect	17,955	31,197	13,848
NON-GAAP PROVISION FOR INCOME TAXES	$ 27,401	$ 17,802	$ 24,788
NET INCOME (LOSS) PER SHARE	$ 0.299	$ (0.248)	$ 0.274
Adjustments:			
GSA settlement	-	0.387	-
Amortization of intangible assets	0.013	0.022	0.014
Stock-based compensation expenses	0.102	0.104	0.095
Asset impairment	-	0.029	-
Restructuring and other charges	-	0.057	0.003
Merger termination proceeds, net	-	-	-
Non-cash interest expense	0.035	0.032	0.035

(Gain) loss on investments, net	(0.002)	0.005	(0.008)
Discrete GAAP tax provision items	0.002	(0.012)	(0.002)
Income tax effect	(0.050)	(0.094)	(0.039)
NON-GAAP NET INCOME PER SHARE	$ 0.399	$ 0.282	$ 0.372

Reg G Schedule

NETAPP, INC.
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
FOURTH QUARTER 2010
(Unaudited)

	Fourth Quarter 2010
Non-GAAP Guidance	$ 0.42 - $0.44
Adjustments of Specific Items to Earnings Per Share for the Fourth Quarter 2010:	
Stock based compensation expense	(0.10)
Amortization of intangible assets	(0.01)
Non cash interest expense	(0.04)
Income tax effect	0.04
Total Adjustments	(0.11)
GAAP Guidance - Earnings Per Share	$ 0.31 - $0.33