UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report (date of earliest event reported): November 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 November 17, 2010, NetApp, Inc. ("NetApp" or the "Company") issued a press release and supplemental commentary reporting financial results for the second quarter and first six months ended October 29, 2010. The press release and supplemental commentary are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, and are incorporated herein by reference.

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

Non-GAAP Financial Measures

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

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

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

B. *Stock-based compensation expenses.* NetApp excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses. While management views stock-based compensation as a key element of our employee retention and long-term incentives, it does 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 expense.* NetApp excludes acquisition related income and expenses, including merger termination proceeds, from its non-GAAP measures primarily because they are not related to our on-going business and, therefore, cannot be relied upon for future planning and forecasting.

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

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

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

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

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

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit	**Description**
99.1	Press release, dated November 17, 2010, reporting earnings for the fiscal quarter and six month period ended October 29, 2010.
99.2	Supplemental Commentary, dated November 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)

November 17, 2010	By:	/s/ Matthew Fawcett
		Matthew Fawcett Secretary, General Counsel, and Senior Vice President, Legal

Index to Exhibits

Exhibit	Description
99.1	Press release, dated November 17, 2010, reporting earnings for the fiscal quarter and six month period ended October 29, 2010.
99.2	Supplemental Commentary, dated November 17, 2010.

Exhibit 99.1 – Press Release

NETAPP ANNOUNCES RESULTS FOR SECOND QUARTER FISCAL YEAR 2011

Company Reports Record Q2 FY'11 Revenues of $1.207 Billion, Up 33% Year over Year

Sunnyvale, Calif.—November 17, 2010—NetApp (NASDAQ: NTAP) today reported results for the second quarter of fiscal year 2011, which ended October 29, 2010. Revenues for the second fiscal quarter of 2011 totaled $1.207 billion compared to revenues of $910 million for the same period a year ago, an increase of 33% year over year.

For the second quarter of fiscal year 2011, GAAP net income was $165 million or $0.42 per share[1] compared to GAAP net income of $96 million, or $0.27 per share for the same period a year ago. Non-GAAP net income for the second quarter of fiscal year 2011 was $203 million, or $0.52 per share[2], compared to non-GAAP net income of $130 million, or $0.37 per share for the same period a year ago.

Revenues for the first six months of fiscal year 2011 totaled $2.345 billion compared to revenues of $1.748 billion for the first six months of the prior fiscal year, an increase of 34% year over year.

GAAP net income for the first six months of fiscal year 2011 totaled $306 million, or $0.80 per share, compared to GAAP net income of $147 million, or $0.43 per share for the first six months of the prior fiscal year. Non-GAAP net income for the first six months of fiscal year 2011 totaled $385 million, or $1.01 per share, compared to non-GAAP net income of $206 million, or $0.60 per share for the first six months of the prior fiscal year.

"NetApp produced 49% year over year growth in product revenue and our highest non-GAAP operating margin in over a decade, while simultaneously investing aggressively in our future," said Tom Georgens, president and CEO of NetApp. "Last week, the NetApp team delivered the most comprehensive product launch in our history. By offering customers a more flexible and efficient alternative to traditional storage, NetApp further strengthened our leadership position as the platform of choice for the next generation of IT infrastructure."

Outlook

- NetApp estimates revenue for the third quarter of fiscal year 2011 to be in the range of $1.240 billion to $1.290 billion, which equates approximately to 3% to 7% sequential revenue growth and approximately 23% to 28% year over year revenue growth.
- NetApp estimates that third quarter fiscal year 2011 GAAP earnings per share will be approximately $0.39 to $0.41 per share. NetApp estimates that the third quarter fiscal year 2011 non-GAAP earnings per share will be approximately $0.48 to $0.50 per share.
- NetApp estimates share count for the third quarter of fiscal year 2011 will increase to approximately 408 million shares, including an estimated 16.9 million shares from the Company's outstanding convertible notes[3] and 9.9 million shares from outstanding warrants. Share count does not include the Company's outstanding note hedges that are expected to offset 80% of the dilution from the convertible notes at maturity or conversion, which would equate to an offset of approximately 13.5 million shares if the conversion or maturity occurred in the third quarter.

Business Highlights

In the second quarter of fiscal year 2011, NetApp introduced new solutions and expanded support and integration with key partners such as VMware to help customers accelerate their move to a more integrated, efficient, and flexible shared IT infrastructure. In addition, NetApp achieved several milestones and was honored as a best place to work and one of the most trusted and strategic IT vendors in the industry. Key business highlights included the following:

NetApp and Partners Deliver Flexible and Efficient IT

- **NetApp and VMware® improve IT efficiency.** NetApp made several announcements with VMware to enable customers to achieve greater efficiency in their virtual environments. NetApp integrated its unified storage technologies with VMware® View™ to help customers enhance storage efficiency and virtual desktop scalability, as well as improve performance levels. NetApp also announced support for VMware vCloud™ Director software to improve IT flexibility and efficiency and help enterprise customers and service providers to easily and cost-effectively evolve to a cloud service model. In addition, NetApp and VMware unveiled a new solution for midsize enterprises to consolidate and virtualize their Windows® environments to deliver enterprise-class IT as a service.

- **Fujitsu and NetApp help customers gain greater IT value and efficiency.** Fujitsu and NetApp extended their strong, long-standing global partnership to offer a shared portfolio of products to meet the integrated storage needs of their customers. Fujitsu will expand its resale of NetApp® unified storage systems to more markets worldwide. In addition, NetApp will resell the Fujitsu ETERNUS CS800 S2 Data Protection Appliance in 22 countries across EMEA.

- **NetApp strengthens integration with Symantec to boost customers' IT efficiency.** NetApp integrated its unified storage systems with the Symantec™ Thin Reclamation API to help SAN customers automatically reclaim storage space and improve overall storage efficiency. Customers can improve planning and reduce their overall IT footprint and management costs.

- **NetApp helps EMC and HP customers achieve greater efficiency.** NetApp introduced its Zero Investment Promise (ZIP) for Database Promotion to assist EMC and HP customers in achieving greater storage efficiencies in their database environments. The promotion enables EMC and HP customers to reduce storage requirements, improve utilization, and decrease operating costs by engaging in a 90-day, risk-free, zero-investment trial of NetApp V-Series for their database storage infrastructures.

Milestones and Awards

- **NetApp customers deploy thousands of systems with Data ONTAP® 8.** To help transition to a shared IT infrastructure, customers accelerated their adoption of NetApp Data ONTAP 8 by deploying thousands of systems to build flexible, scalable, and efficient shared storage environments that are designed to address today's business challenges and the future requirements of their businesses.

- **NetApp ranked #1 hardware vendor and #2 overall IT vendor.** NetApp was ranked as the #1 hardware vendor and #2 (tied with Cisco) overall IT vendor in the 2010 *CIO Insight* Vendor Value Ratings survey.

- **NetApp positioned in Leaders quadrant.** Gartner, Inc. positioned NetApp in the Leaders quadrant for Storage Resource Management and SAN Management Software[4]. Gartner asserted that vendors in the Leaders quadrant "have the highest combined measures of Ability to Execute and Completeness of Vision."

- **NetApp ranked #1 best place to work.** NetApp was ranked #1 on the Triangle Business Journal's annual "Best Places to Work" in Research Triangle Park (RTP) list for 2010. NetApp received this honor for the Giant Businesses category, which includes companies of 1,000 employees or more; it marks the sixth time that NetApp has made this distinguished list and the second time it has been ranked #1.

Webcast and Conference Call Information
The NetApp second quarter fiscal year 2011 results conference call will be broadcast live on the Internet at http://investors.netapp.com on Wednesday, November 17, 2010, at 2:00 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 4:00 p.m. Pacific Time on our Web site.

NetApp uses a hybrid format for disclosing key financial information associated with our quarterly results. Concurrent with the press release, NetApp will post and distribute a separate document with financial commentary and statistics. These prepared remarks will be available 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 deliver outstanding cost efficiency and accelerate business breakthroughs. Discover our passion for helping companies around the world go further, faster at www.netapp.com.

"Safe Harbor" Statement Under U.S. Private Securities Litigation Reform Act of 1995
This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include all of the statements under the Outlook section relating to our forecasted operating results, share count, and metrics for the third quarter of fiscal year 2011, expectations regarding current and new partnerships and strategic alliances, and the benefits that we expect our customers to realize from using our products and 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, but are not limited to, customer demand for our products and services including our recently announced new product introductions; our ability to increase revenue and manage our operating costs; increased competition risks associated with the anticipated growth in networked storage market; general economic and market conditions; 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] GAAP earnings per share is calculated using the diluted number of shares for all periods presented.
[2] Non-GAAP net income excludes the amortization of intangible assets, stock-based compensation expenses, acquisition related income and expenses, restructuring and other charges, asset impairments, non-cash interest expense associated with our convertible debt, net losses or gains on investments, and our GAAP tax provision, but includes a non-GAAP tax provision based upon our projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. Non-GAAP earnings per share is calculated using the diluted number of shares for all periods presented.
[3] 80% hedged on maturity or conversion of the convertible notes.
[4] Gartner, Inc. Magic Quadrant for Storage Resource Management and SAN Management Software, Valdis Filks, Robert E. Passmore, September 21, 2010.

NetApp Usage of Non-GAAP Financials

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

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

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

	October 29, 2010	April 30, 2010
ASSETS		
Current assets:		
Cash, cash equivalents and investments	$ 4,381.5	$ 3,724.0
Accounts receivable, net	446.6	471.5
Inventories	84.7	112.9
Other current assets	218.3	228.7
Total current assets	5,131.1	4,537.1
Property and equipment, net	845.3	804.4
Goodwill and other intangible assets, net	775.8	706.1
Long-term investments and restricted cash	69.8	72.8
Other non-current assets	415.8	374.0
	$ 7,237.8	$ 6,494.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 175.9	$ 184.6
Accrued compensation and other current liabilities	523.0	591.3
Short-term deferred revenue	1,135.6	1,135.1
Total current liabilities	1,834.5	1,911.0
Long-term debt and other obligations	1,329.5	1,273.4
Long-term deferred revenue	866.4	779.5
	4,030.4	3,963.9
Stockholders' equity	3,207.4	2,530.5
	$ 7,237.8	$ 6,494.4

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

	Three Months Ended		Six Months Ended	
	October 29, 2010	October 30, 2009	October 29, 2010	October 30, 2009
Revenues:				
Product	$ 780.0	$ 525.1	$ 1,500.8	$ 1,003.4
Software entitlements and maintenance	177.9	169.8	352.6	335.1
Service	249.5	215.1	491.8	409.5
Net revenues	1,207.4	910.0	2,345.2	1,748.0
Cost of revenues:				
Cost of product	296.1	199.1	603.8	411.7
Cost of software entitlements and maintenance	3.5	3.1	6.9	6.2
Cost of service	106.7	101.1	209.0	200.9
Total cost of revenues	406.3	303.3	819.7	618.8
Gross profit	801.1	606.7	1,525.5	1,129.2
Operating expenses:				
Sales and marketing	382.8	300.8	737.0	602.3
Research and development	156.6	132.4	306.1	262.7
General and administrative	64.2	56.9	120.4	116.4
Restructuring and other charges	0.1	1.2	0.1	2.7
Acquisition related (income) expense, net	-	-	0.3	(41.1)
Total operating expenses	603.7	491.3	1,163.9	943.0
Income from operations	197.4	115.4	361.6	186.2
Other income (expenses), net				
Interest income	9.5	7.0	19.3	15.6
Interest expense	(18.6)	(17.9)	(37.2)	(37.1)
Other income (expenses), net	(1.4)	1.5	0.8	0.4
Total other expenses, net	(10.5)	(9.4)	(17.1)	(21.1)
Income before income taxes	186.9	106.0	344.5	165.1
Provision for income taxes	22.3	10.3	38.1	17.8
Net income	$ 164.6	$ 95.7	$ 306.4	$ 147.3
Net income per share:				
Basic	$ 0.46	$ 0.28	$ 0.86	$ 0.44
Diluted	$ 0.42	$ 0.27	$ 0.80	$ 0.43
Shares used in net income per share calculations:				
Basic	359.1	336.7	355.8	335.6
Diluted	391.7	349.8	383.0	344.3

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

	Three Months Ended		Six Months Ended	
	October 29, 2010	October 30, 2009	October 29, 2010	October 30, 2009
Cash Flows from Operating Activities:				
Net income	$ 164.6	$ 95.7	$ 306.4	$ 147.3
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	41.6	42.2	82.3	85.2
Stock-based compensation	37.7	33.2	82.0	85.4
Accretion of discount and issue costs on notes	13.0	12.2	25.9	25.3
Unrealized losses on derivative activities	(4.1)	-	6.7	-
Tax benefit from stock-based compensation	52.9	(4.6)	40.9	14.4
Excess tax benefit from stock-based compensation	(32.7)	(1.4)	(32.7)	(1.4)
Other, net	(28.9)	(2.1)	(17.8)	(4.1)
Changes in assets and liabilities:				
Accounts receivable	(72.7)	14.5	27.3	131.7
Inventories	5.7	0.7	28.2	0.3
Accounts payable	15.8	(2.4)	(18.6)	(16.9)
Accrued compensation and other current liabilities	125.5	90.8	(96.1)	(140.1)
Deferred revenue	48.4	(4.4)	81.6	(14.2)
Changes in other operating assets and liabilities, net	(2.1)	(7.1)	25.9	(7.4)
Net cash provided by operating activities	364.7	267.3	542.0	305.5
Cash Flows from Investing Activities:				
Purchases and redemptions of investments, net	(300.9)	(336.0)	(594.8)	(102.4)
Purchases of property and equipment	(43.3)	(22.8)	(83.5)	(47.5)
Acquisition of business, net of cash acquired	-	-	(74.9)	-
Other investing activities, net	(0.1)	4.1	-	3.6
Net cash used in investing activities	(344.3)	(354.7)	(753.2)	(146.3)
Cash Flows from Financing Activities:				
Issuance of common stock	96.2	26.8	236.1	60.1
Excess tax benefit from stock-based compensation	32.7	1.4	32.7	1.4
Payment of financing arrangements	(2.0)	-	(2.0)	-
Net cash provided by financing activities	126.9	28.2	266.8	61.5
Effect of Exchange Rate Changes on Cash and Cash Equivalents	11.8	3.6	10.5	13.9
Net Increase (Decrease) in Cash and Cash Equivalents	159.1	(55.6)	66.1	234.6
Cash and Cash Equivalents:				
Beginning of period	1,612.0	1,784.4	1,705.0	1,494.2
End of period	$ 1,771.1	$ 1,728.8	$ 1,771.1	$ 1,728.8

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		Six Months Ended	
	October 29, 2010	October 30, 2009	October 29, 2010	October 30, 2009
SUMMARY RECONCILIATION OF NET INCOME				
NET INCOME	$ 164.6	$ 95.7	$ 306.4	$ 147.3
Adjustments:				
Amortization of intangible assets	4.4	5.1	9.9	10.7
Stock-based compensation expenses	37.7	33.2	82.0	85.4
Restructuring and other charges	0.1	1.2	0.1	2.7
Acquisition related (income) expense, net	-	-	0.3	(41.1)
Non-cash interest expense	13.0	12.2	25.9	25.3
Gain on investments	-	(2.8)	(2.5)	(2.8)
Income tax effect of non-GAAP adjustments	(17.1)	(14.5)	(36.8)	(21.4)
NON-GAAP NET INCOME	$ 202.7	$ 130.1	$ 385.3	$ 206.1
NET INCOME PER SHARE	$ 0.420	$ 0.274	$ 0.800	$ 0.428
Adjustments:				
Amortization of intangible assets	0.011	0.015	0.026	0.031
Stock-based compensation expenses	0.096	0.095	0.214	0.248
Restructuring and other charges	-	0.003	-	0.008
Acquisition related (income) expense, net	-	-	0.001	(0.119)
Non-cash interest expense	0.033	0.035	0.068	0.073
Gain on investments	-	(0.008)	(0.007)	(0.008)
Income tax effect of non-GAAP adjustments	(0.043)	(0.042)	(0.096)	(0.062)
NON-GAAP NET INCOME PER SHARE	$ 0.517	$ 0.372	$ 1.006	$ 0.599

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

	Three Months Ended October 29, 2010						
	Amortization of Intangible Assets	Stock-based Compensation Expenses	Restructuring and Other Charges	Acquisition related (income) expense, net	Non-Cash Interest Expense	Gain on Investments	Total
Cost of product revenues	$ 3.3	$ 0.8	$ -	$ -	$ -	$ -	$ 4.1
Cost of service revenues	-	3.1	-	-	-	-	3.1
Sales and marketing expense	1.1	17.3	-	-	-	-	18.4
Research and development expense	-	9.2	-	-	-	-	9.2
General and administrative expense	-	7.3	-	-	-	-	7.3
Restructuring and other charges	-	-	0.1	-	-	-	0.1
Interest expense	-	-	-	-	13.0	-	13.0
Effect on income before income taxes	$ 4.4	$ 37.7	$ 0.1	$ -	$ 13.0	$ -	$ 55.2

	Six Months Ended October 29, 2010						
	Amortization of Intangible Assets	Stock-based Compensation Expenses	Restructuring and Other Charges	Acquisition related (income) expense, net	Non-Cash Interest Expense	Gain on Investments	Total
Cost of product revenues	$ 7.7	$ 1.7	$ -	$ -	$ -	$ -	$ 9.4
Cost of service revenues	-	7.0	-	-	-	-	7.0
Sales and marketing expense	2.2	37.9	-	-	-	-	40.1
Research and development expense	-	20.3	-	-	-	-	20.3
General and administrative expense	-	15.1	-	-	-	-	15.1
Restructuring and other charges	-	-	0.1	-	-	-	0.1
Acquisition related (income) expense, net	-	-	-	0.3	-	-	0.3
Interest expense	-	-	-	-	25.9	-	25.9
Other income (expenses), net	-	-	-	-	-	(2.5)	(2.5)
Effect on income before income taxes	$ 9.9	$ 82.0	$ 0.1	$ 0.3	$ 25.9	$ (2.5)	$ 115.7

Three Months Ended October 30, 2009							
	Amortization of Intangible Assets	Stock-based Compensation Expenses	Restructuring and Other Charges	Acquisition related (income) expense, net	Non-Cash Interest Expense	Gain on Investments	Total
Cost of product revenues	$ 4.3	$ 0.5	$ -	$ -	$ -	$ -	$ 4.8
Cost of service revenues	-	2.9	-	-	-	-	2.9
Sales and marketing expense	0.8	15.7	-	-	-	-	16.5
Research and development expense	-	7.9	-	-	-	-	7.9
General and administrative expense	-	6.2	-	-	-	-	6.2
Restructuring and other charges	-	-	1.2	-	-	-	1.2
Interest expense	-	-	-	-	12.2	-	12.2
Other income (expenses), net	-	-	-	-	-	(2.8)	(2.8)
Effect on income before income taxes	$ 5.1	$ 33.2	$ 1.2	$ -	$ 12.2	$ (2.8)	$ 48.9

Six Months Ended October 30, 2009							
	Amortization of Intangible Assets	Stock-based Compensation Expenses	Restructuring and Other Charges	Acquisition related (income) expense, net	Non-Cash Interest Expense	Gain on Investments	Total
Cost of product revenues	$ 9.0	$ 1.7	$ -	$ -	$ -	$ -	$ 10.7
Cost of service revenues	-	7.4	-	-	-	-	7.4
Sales and marketing expense	1.7	39.7	-	-	-	-	41.4
Research and development expense	-	20.6	-	-	-	-	20.6
General and administrative expense	-	16.0	-	-	-	-	16.0
Restructuring and other charges	-	-	2.7	-	-	-	2.7
Acquisition related (income) expense, net	-	-	-	(41.1)	-	-	(41.1)
Interest expense	-	-	-	-	25.3	-	25.3
Other income (expenses), net	-	-	-	-	-	(2.8)	(2.8)
Effect on income before income taxes	$ 10.7	$ 85.4	$ 2.7	$ (41.1)	$ 25.3	$ (2.8)	$ 80.2

NETAPP, INC.
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
THIRD QUARTER 2011
(Unaudited)

	Third Quarter 2011
Non-GAAP Guidance	$ 0.48 - $0.50
Adjustments of Specific Items to Net Income Per Share for the Third Quarter 2011:	
Stock based compensation expense	(0.09)
Amortization of intangible assets	(0.01)
Non cash interest expense	(0.03)
Income tax effect	0.04
Total Adjustments	(0.09)
GAAP Guidance -Net Income Per Share	$ 0.39 -$0.41

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

Investor Contacts:
Shauna O'Boyle
NetApp
(408) 822-7655
oboyle@netapp.com

NetApp Q2 FY2011 Earnings Results

Supplemental Commentary
November 17, 2010

This supplemental commentary is being provided concurrently with our earnings press release to allow for additional time for review and analysis prior to commencement of the company's earnings call. These prepared remarks will not be read during the live call. The call will focus on strategic commentary from the CEO and CFO, followed by a question and answer session.

Safe Harbor Statement

These prepared remarks contain forward-looking statements and projections that involve risk and uncertainty, including the statements under the Q3 FY11 outlook section regarding our forecasted financial performance and share count for the third quarter of fiscal 2011. 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, including our recently announced new product introduction; our ability to increase revenue and manage our operating costs; increased competition risks associated with the anticipated growth in the networked storage market; general economic and market conditions; 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 in 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 herein are stated in accordance with U.S. Generally Accepted Accounting Principles (GAAP) unless indicated otherwise. To see the reconciling items between our non-GAAP and GAAP financial information, refer to the tables at the end of this document, as well as in our press release and on our website.

Q2 Fiscal 2011 Overview

For the second quarter of our fiscal year, we are pleased to post another quarter of strong financial performance with notable achievements in the areas of product revenue growth, profitability and cash generation. This quarter marks the third consecutive quarter of approximately 50% product revenue growth and above 30% company net revenue growth on a year over year basis. Along with the substantial revenue growth, our profitability was the highest in over a decade with non-GAAP income from operations of 19.8% of revenue. After another strong cash generation quarter, NetApp crossed the $4 billion mark in cash, cash equivalents and investments on the balance sheet.

Revenue

	Q2 FY11 Revenue	% of Q2 FY11 Revenue	Sequential Growth[1]	Year/Year Growth
Product Revenue	**$780M**	**65%**	**8%**	**49%**
Software Entitlements & Maintenance	**$178M**	**15%**	**2%**	**5%**
Service	**$249M**	**20%**	**3%**	**16%**
Net Revenue	**$1,207M**		**6%**	**33%**

Net revenue for the second quarter was $1.2 billion, an increase of 6% sequentially and an increase of 33% year over year.

Foreign currency fluctuations[2] had an immaterial impact on sequential growth and a negative impact of approximately 1% on year over year growth.

Aided by a strong showing in the US public sector, product revenue grew 8% sequentially to $780 million, an increase of 49% year over year. The revenue mix between product, software entitlements and maintenance (SEM) and service remained approximately the same in the second quarter as the first quarter.

Revenue from SEM, which is a deferred revenue element and is recognized over the related contract period, was $178 million or 15% of total revenue. SEM revenue grew 2% sequentially and increased 5% year over year.

Service revenue was $249 million, an increase of 3% sequentially and 16% year over year. The majority of service revenue is derived from hardware maintenance support contracts and professional services.

- Revenue from hardware maintenance support contracts, which is also a deferred revenue element, comprised approximately 66% of our services revenue this quarter, and increased 5% sequentially and 22% year over year.
- Professional services revenue was down 3% sequentially and up 8% year over year.

---

[1] Sequential growth calculation based upon Q1FY11 results, which can be found at www.investor.netapp.com
[2] Foreign currency effects represent the translation effect of changes in average foreign exchange rates between the current period and the comparative prior periods (or, in the case of deferred revenue, the exchange rate in effect when the transaction was invoiced), less current period actual net gains or losses on revenue hedging activities.

Gross Margin

	Q2 FY11	Q1 FY11	Q2 FY10
Non-GAAP Gross Margin	**66.9%**	64.5%	67.5%
Product	**62.6%**	58.1%	63.0%
S/W Entitlements & Maintenance	**98.0%**	98.1%	98.2%
Services	**58.5%**	59.4%	54.4%

On a non-GAAP basis, consolidated gross margin was 66.9% of revenue this quarter, due in large part to higher product gross margins. Product gross margins increased 4.5 percentage points from Q1 levels to 62.6% of revenue in Q2. SEM gross margins were flat sequentially and service gross margins declined to 58.5% of revenue in Q2.

Operating Expenses

	Q2 FY11	Q1 FY11	Q2 FY10
Non-GAAP Operating Expenses	**$569M**	$519M	$459M

Non-GAAP operating expenses were $569 million, an increase of 10% from the prior quarter and an increase of 24% year over year. Q2 operating expenses were 47% of revenue and comparable to Q1 levels.

Our global headcount increased to 9,343 people at the end of Q2, a net increase of 370 people over Q1. Similar to the prior quarter, the majority of these new hires were in engineering and sales.

On a GAAP basis, Q2 operating expenses included stock compensation expense and amortization of intangible assets. Stock compensation expense was $34 million, down from $40 million in Q1.

Income from Operations, Other Income & Effective Tax Rate

	Q2 FY11	Q1 FY11	Q2 FY10
Non-GAAP Income from Operations	**$240M**	$214M	$155M
% of Revenue	**19.8%**	18.9%	17.0%
Non-GAAP Other Income, Net	**$3M**	$4M	$0M
Non-GAAP Income Before Income Taxes	**$242M**	$218M	$155M
Non-GAAP Effective Tax Rate	**16.3%**	16.3%	16.0%

In Q2 non-GAAP income from operations increased 12% sequentially and increased 55% year over year to $240 million, or 19.8% of revenue.

Non-GAAP other income, net was $3 million for Q2. GAAP other expense, net includes approximately $13 million of non-cash interest expense associated with our convertible debt, the same as last quarter.

Non-GAAP income before income taxes was $242 million or 20.1% of revenue, up from 19.2% of revenue in the prior quarter. Our non-GAAP provision for income taxes was $39 million, up from $36 million in Q1 and our non-GAAP effective tax rate remained at 16.3%.

Net Income

	Q2 FY11	Q1 FY11	Q2 FY10
Non-GAAP Net Income	**$203M**	$183M	$130M
Weighted Average Common Shares Outstanding, dilutive	**391.7M**	374.3M	349.8M
Non-GAAP Net Income per Share, diluted	**$0.52**	$0.49	$0.37

Non-GAAP net income totaled $203 million, or $0.52 per share. GAAP net income totaled $165 million, or $0.42 per share.

Impact of Convertible Note Transaction on Share Count

	Q2 FY11	Q1 FY11	Q2 FY10
Convertible Notes[3]	**12.4M**	6.4M	0
Warrants	**4.3M**	0	0

Our Q2 dilutive share count was approximately 392 million, significantly higher than projected due to the impact of the convertible notes and warrants, which were issued in June, 2008. The notes will have a dilutive impact on our share count whenever our average quarterly stock price is above the notes' $31.85 conversion price. We expect the dilutive effect from the notes will ultimately be 80% hedged, though that hedge will not be reflected until the notes are converted or mature as it is considered anti-dilutive under GAAP. In Q2 the offset from the hedge would have reduced dilutive share count by approximately 10 million shares if the notes had been converted during the quarter.

The warrants become dilutive whenever the quarterly average stock price is above $41.28. The dilutive effect of the warrants is not hedged. Since our average stock price was $46.28 in Q2, both the notes and the warrants were dilutive to share count. Until the notes are converted, or until they mature in June, 2013, whenever the average quarterly price of our stock is above $31.85, the impact of the notes will be reflected in our dilutive share count without the benefit of the offsetting hedge, and whenever the average quarterly price of our stock is above $41.28, the impact of the warrants will be reflected in our dilutive share count.

---

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

Select Balance Sheet Items

	Q2 FY11	Q1 FY11	Q2FY10
Cash, Cash Equivalents & Investments	**$4.4B**	$3.9B	$3.0B
Deferred Revenue	**$2.0B**	$1.9B	$1.7B
DSO (days)[4]	**34**	30	32
Inventory Turns[5]	**18.8**	17.9	19.6

During Q2, cash, cash equivalents and short term investments grew by $461 million, ending the quarter at $4.4 billion, up 12% sequentially and 47% year over year. 57% of this cash balance was held in the United States.

The total deferred revenue balance of $2 billion increased 3% sequentially and 16% year over year.

Accounts receivable days sales outstanding (DSO) increased in the second quarter to 34 days, up from 30 days in the first quarter. Inventory turns continue to improve from 18.8 turns in Q2, up from 17.9 turns in Q1.

Select Cash Flow Statement Items

	Q2 FY11	Q1 FY11	Q2 FY10
Net Cash Provided by Operating Activities	**$365M**	$177M	$267M
Purchases of Property and Equipment	**$43M**	$40M	$23M
Free Cash Flow[6]	**$321M**	$137M	$245M
Free Cash Flow as % of Total Revenue	**27%**	12%	27%

Net cash provided by operating activities was $365 million, more than double Q1 and up 37% year over year. Capital expenditures were $43 million, an increase of $3 million from Q1. Free cash flow totaled $321 million, increasing 134% sequentially and up 31% year over year. Q2 free cash flow represented 27% of total revenue.

[4] Days sales outstanding are defined as accounts receivable net divided by net revenue, multiplied by number of days in the quarter.
[5] Inventory turns are defined as annualized non-GAAP COGS divided by net inventory.
[6] Free cash flow is defined as net cash provided by operating activities less cash purchases of property and equipment.

Q3 FY11 Outlook

	Q3 FY11 Outlook
Revenue	$1,240 - $1,290M
	Approx. 3% - 7% sequential growth
	Approx. 23% - 28% year over year growth
Share Count	Approx. 408M
Non-GAAP Net Income per Share, Diluted	$0.48 - $0.50
GAAP Net Income per Share, Diluted	$0.39 - $0.41

This forecast is based on current business expectations and current market conditions. Dilutive share count includes the impact of our convertible note and warrants, based upon our average stock price of $54.97 for the first 10 days of our third quarter. We estimate share count for the third quarter of fiscal year 2011 will increase to approximately 408 million shares, including an estimated 16.9 million shares from the Company's outstanding convertible notes and 9.9 million shares from outstanding warrants. Share count does not include the Company's outstanding note hedges that are expected to offset 80% of the dilution from the convertible notes at maturity or conversion, which would equate to an offset of approximately 13.5 million shares if the conversion or maturity occurs in the third quarter.

Other Business Metrics

Geographic Mix

	% of Q2 FY11 Revenue	Q2 FY11 Revenue	Year/Year Growth
Americas	**61%**	$741M	45%
U.S. Public Sector	***20%***	*$239M*	*59%*
EMEA	**29%**	$350M	14%
AsiaPacific	**10%**	$116M	25%

The Americas generated $741 million, 61% of total revenue in Q2, an increase of 17% sequentially and an increase of 45% year over year. The U.S. Public sector, which is included in Americas number, contributed $239 million or 20% of total revenue, an increase of 49% from Q1 and 59% year over year.

In the second quarter, EMEA generated $350 million or 29% of total revenue, down 9% sequentially, but up 14% on a year over year basis.

AsiaPacific revenue was $116 million, a decrease of 3% sequentially but an increase of 25% year over year, and represented 10% of total revenue in Q2.

Channel Mix

	% of Q2 FY11 Revenue	% of Q1 FY11 Revenue	% of Q2 FY10 Revenue
Direct	**28%**	**31%**	33%
Indirect	**72%**	**69%**	67%
Arrow	**18%**	**16%**	12%
Avnet	**15%**	**11%**	11%
IBM	**3%**	**4%**	4%

In the second quarter, direct revenue was 28% of total revenues and declined 5% sequentially while increasing 14% year over year. Consistent with our business model, our indirect channel accounted for the bulk of our revenues at 72% of total revenues in Q2, representing a growth rate of 11% sequentially and 42% year over year. Within the indirect channel, Arrow was 18% of revenue, up from 16% of revenue last quarter and Avnet was 15% of revenue, up from 11% of revenue last quarter. Revenue from our IBM OEM partnership was 3% of revenue, down from 4% in Q1, but up in absolute dollars year over year.

Platform Trends

In Q2 total system units shipped increased 4% sequentially in Q2 and grew 77% year over year. Medium-sized system units increased 13% sequentially and 52% year over year. Small-sized system units doubled year over year and were up 1% sequentially. Large system units declined 23% sequentially, but grew 25% year over year.

Units of the V-series platform increased 35% sequentially and 92% year over year.

Capacity Trends

(in Petabytes)	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11	Q2 FY11
Fibre Channel	79	88	99	79	84
ATA	173	209	298	323	349
SAS	8	29	49	68	90
Total	260	326	446	470	523

In Q2, total petabytes shipped grew to 523 petabytes, an increase of 11% sequentially and 101% year over year. The growing popularity of ATA and SAS drives is clearly visible in the table above.

Additional Information

For more detailed information about our solutions, corporate strategy and our go-to-market initiatives, please visit our website at www.netapp.com.

NetApp Usage of Non-GAAP Financials

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

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

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		
	October 29, 2010	July 30, 2010	October 30, 2009
MMARY RECONCILIATION OF NET INCOME			
T INCOME	$ 164.6	$ 141.8	$ 95.7
justments:			
ortization of angible assets	4.4	5.5	5.1
ck-based npensation enses	37.7	44.3	33.2
structuring and er charges	0.1	-	1.2
quisition related come) expense,	-	0.3	-
n-cash interest ense	13.0	12.9	12.2
n on investments	-	(2.5)	(2.8)
ome tax effect of n-GAAP ustments	(17.1)	(19.7)	(14.5)
N-GAAP NET COME	$ 202.7	$ 182.6	$ 130.1
TAILED RECONCILIATION OF SPECIFIC MS:			
ST OF VENUES	$ 406.3	$ 413.4	$ 303.3
justment:			
ortization of angible assets	(3.3)	(4.4)	(4.3)
ck-based npensation enses	(3.9)	(4.8)	(3.4)
N-GAAP COST REVENUES	$ 399.1	$ 404.2	$ 295.6
ST OF ODUCT VENUES	$ 296.1	$ 307.7	$ 199.1
justment:			
ortization of angible assets	(3.3)	(4.4)	(4.3)
ck-based npensation enses	(0.8)	(0.9)	(0.5)
N-GAAP COST PRODUCT VENUES	$ 292.0	$ 302.4	$ 194.3
ST OF RVICE VENUES	$ 106.7	$ 102.3	$ 101.1
justment:			

ck-based npensation)enses	(3.1)	(3.9)	(2.9)
N-GAAP COST SERVICE VENUES	$ 103.6	$ 98.4	$ 98.2
OSS PROFIT	$ 801.1	$ 724.4	$ 606.7
justment:			
ortization of ngible assets	3.3	4.4	4.3
ck-based npensation)enses	3.9	4.8	3.4
N-GAAP GROSS OFIT	$ 808.3	$ 733.6	$ 614.4
LES AND RKETING PENSES	$ 382.8	$ 354.2	$ 300.8
justments:			
ortization of ngible assets	(1.1)	(1.1)	(0.8)
ck-based npensation)enses	(17.3)	(20.6)	(15.7)
N-GAAP SALES D MARKETING PENSES	$ 364.4	$ 332.5	$ 284.3
SEARCH AND VELOPMENT PENSES	$ 156.6	$ 149.5	$ 132.4
justments:			
ck-based npensation)enses	(9.2)	(11.1)	(7.9)
N-GAAP SEARCH AND VELOPMENT PENSES	$ 147.4	$ 138.4	$ 124.5
NERAL AND MINISTRATIVE PENSES	$ 64.2	$ 56.2	$ 56.9
justments:			
ck-based npensation)enses	(7.3)	(7.8)	(6.2)
N-GAAP NERAL AND MINISTRATIVE PENSES	$ 56.9	$ 48.4	$ 50.7
ERATING PENSES	$ 603.7	$ 560.2	$ 491.3
justments:			
ortization of ngible assets	(1.1)	(1.1)	(0.8)
ck-based npensation)enses	(33.8)	(39.5)	(29.8)
structuring and er charges	(0.1)	-	(1.2)
quisition related ome (expense),	-	(0.3)	-

)N-GAAP ERATING PENSES	$ 568.7	$ 519.3	$ 459.5
COME FROM ERATIONS	$ 197.4	$ 164.2	$ 115.4
justments:			
ortization of angible assets	4.4	5.5	5.1
ck-based npensation penses	37.7	44.3	33.2
structuring and er charges	0.1	-	1.2
quisition related come) expense,	-	0.3	-
)N-GAAP COME FROM ERATIONS	$ 239.6	$ 214.3	$ 154.9
TAL OTHER PENSES, NET	$ (10.5)	$ (6.6)	$ (9.4)
justments:			
n-cash interest pense	13.0	12.9	12.2
n on investments	-	(2.5)	(2.8)
)N-GAAP TAL OTHER COME KPENSES), NET	$ 2.5	$ 3.8	$ 0.0
COME BEFORE COME TAXES	$ 186.9	$ 157.6	$ 106.0
justments:			
ortization of angible assets	4.4	5.5	5.1
ck-based npensation penses	37.7	44.3	33.2
structuring and er charges	0.1	-	1.2
quisition related come) expense,	-	0.3	-
n-cash interest pense	13.0	12.9	12.2
n on investments	-	(2.5)	(2.8)
)N-GAAP COME BEFORE COME TAXES	$ 242.1	$ 218.1	$ 154.9
OVISION FOR ENEFIT FROM) COME TAXES	$ 22.3	$ 15.8	$ 10.3
justments:			
ome tax effect of n-GAAP ustments	17.1	19.7	14.5
)N-GAAP OVISION FOR COME TAXES	$ 39.4	$ 35.5	$ 24.8
T INCOME PER ARE	$ 0.420	$ 0.379	$ 0.274
justments:			

ortization of angible assets	0.011	0.015	0.015
ck-based npensation benses	0.096	0.118	0.095
structuring and er charges	-	-	0.003
quisition related come) expense,	-	0.001	-
n-cash interest bense	0.033	0.034	0.035
n on investments	-	(0.007)	(0.008)
ome tax effect of n-GAAP ustments	(0.043)	(0.053)	(0.042)
N-GAAP NET COME PER ARE	$ 0.517	$ 0.487	$ 0.372

Reg G Schedule

NETAPP, INC.
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
THIRD QUARTER 2011
(Unaudited)

	Third Quarter 2011
Non-GAAP Guidance	$0.48 - $0.50
Adjustments of Specific Items to Net Income Per Share for the Third Quarter 2011:	
Stock based compensation expense	(0.09)
Amortization of intangible assets	(0.01)
Non cash interest expense	(0.03)
Income tax effect	0.04
Total Adjustments	(0.09)
GAAP Guidance -Net Income Per Share	$0.39 -$0.41