

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

	April 26, 2019	April 27, 2018
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and investments	\$ 3,899	\$ 5,391
Accounts receivable	1,216	1,047
Inventories	131	122
Other current assets	364	392
Total current assets	5,610	6,952
Property and equipment, net	759	756
Goodwill and purchased intangible assets, net	1,782	1,833
Other non-current assets	590	450
Total assets	\$ 8,741	\$ 9,991
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 542	\$ 609
Accrued expenses	851	825
Commercial paper notes	249	385
Current portion of long-term debt	400	—
Short-term deferred revenue and financed unearned services revenue	1,825	1,712
Total current liabilities	3,867	3,531
Long-term debt	1,144	1,541
Other long-term liabilities	797	992
Long-term deferred revenue and financed unearned services revenue	1,843	1,651
Total liabilities	7,651	7,715
Stockholders' equity	1,090	2,276
Total liabilities and stockholders' equity	\$ 8,741	\$ 9,991

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

	Three Months Ended		Year Ended	
	April 26, 2019	April 27, 2018	April 26, 2019	April 27, 2018
<b>Revenues:</b>				
Product	\$ 1,000	\$ 1,027	\$ 3,755	\$ 3,525
Software maintenance	242	234	946	902
Hardware maintenance and other services	350	383	1,445	1,492
Net revenues	<u>1,592</u>	<u>1,644</u>	<u>6,146</u>	<u>5,919</u>
<b>Cost of revenues:</b>				
Cost of product	457	496	1,752	1,738
Cost of software maintenance	10	6	35	25
Cost of hardware maintenance and other services	99	113	414	447
Total cost of revenues	<u>566</u>	<u>615</u>	<u>2,201</u>	<u>2,210</u>
Gross profit	1,026	1,029	3,945	3,709
<b>Operating expenses:</b>				
Sales and marketing	439	443	1,657	1,706
Research and development	205	203	827	783
General and administrative	69	71	278	280
Restructuring charges	16	—	35	—
Gain on sale or derecognition of assets	(73)	—	(73)	(218)
Total operating expenses	<u>656</u>	<u>717</u>	<u>2,724</u>	<u>2,551</u>
Income from operations	370	312	1,221	1,158
Other income, net	14	16	47	41
Income before income taxes	384	328	1,268	1,199
Provision (benefit) for income taxes	(12)	38	99	1,083
Net income	<u>\$ 396</u>	<u>\$ 290</u>	<u>\$ 1,169</u>	<u>\$ 116</u>
<b>Net income per share:</b>				
Basic	<u>\$ 1.62</u>	<u>\$ 1.09</u>	<u>\$ 4.60</u>	<u>\$ 0.43</u>
Diluted	<u>\$ 1.59</u>	<u>\$ 1.06</u>	<u>\$ 4.51</u>	<u>\$ 0.42</u>
<b>Shares used in net income per share calculations:</b>				
Basic	<u>245</u>	<u>265</u>	<u>254</u>	<u>268</u>
Diluted	<u>249</u>	<u>273</u>	<u>259</u>	<u>276</u>
Cash dividends declared per share	<u>\$ 0.40</u>	<u>\$ 0.20</u>	<u>\$ 1.60</u>	<u>\$ 0.80</u>

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

	Three Months Ended		Year Ended	
	April 26, 2019	April 27, 2018	April 26, 2019	April 27, 2018
<b>Cash flows from operating activities:</b>				
Net income	\$ 396	\$ 290	\$ 1,169	\$ 116
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	48	48	197	198
Stock-based compensation	37	36	158	161
Deferred income taxes	18	25	(3)	270
Gain on sale or derecognition of assets	(73)	—	(73)	(218)
Other items, net	(6)	(19)	2	(27)
Changes in assets and liabilities, net of acquisitions of businesses:				
Accounts receivable	(350)	(279)	(185)	(289)
Inventories	(31)	(32)	(9)	36
Accounts payable	44	147	(57)	262
Accrued expenses	127	104	42	162
Deferred revenue and financed unearned services revenue	326	238	343	139
Long-term taxes payable	(104)	(9)	(164)	714
Changes in other operating assets and liabilities, net	(33)	(55)	(79)	(46)
Net cash provided by operating activities	399	494	1,341	1,478
<b>Cash flows from investing activities:</b>				
Redemptions (purchases) of investments, net	215	168	876	(10)
Purchases of property and equipment	(35)	(48)	(173)	(145)
Proceeds from sale of properties	—	—	—	210
Acquisitions of businesses, net of cash acquired	—	—	(3)	(75)
Other investing activities, net	3	—	4	(1)
Net cash provided by (used in) investing activities	183	120	704	(21)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of common stock under employee stock award plans	3	16	121	173
Payments for taxes related to net share settlement of stock awards	(4)	(8)	(96)	(75)
Repurchase of common stock	(500)	(344)	(2,111)	(794)
Proceeds from (repayments of) commercial paper notes, net	85	(247)	(136)	(115)
Issuance of long-term debt, net	—	—	—	795
Repayment of long-term debt	—	—	—	(750)
Dividends paid	(97)	(53)	(403)	(214)
Other financing activities, net	(1)	—	(6)	(6)
Net cash used in financing activities	(514)	(636)	(2,631)	(986)
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>				
	(13)	(11)	(30)	26
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>				
	55	(33)	(616)	497
<b>Cash, cash equivalents and restricted cash:</b>				
Beginning of period	2,276	2,980	2,947	2,450
End of period	<u>\$ 2,331</u>	<u>\$ 2,947</u>	<u>\$ 2,331</u>	<u>\$ 2,947</u>

**SELECTED CONDENSED CONSOLIDATED BALANCE SHEET LINE ITEMS**  
(In millions)  
(Unaudited)

	As of April 27, 2018		
	As Previously Reported	Impact of ASC 606 Adoption	As Adjusted
<b>ASSETS</b>			
Accounts receivable	\$ 1,009	\$ 38	\$ 1,047
Inventories	126	(4)	122
Other current assets	330	62	392
Other non-current assets	420	30	450
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Short-term deferred revenue and financed unearned services revenue	\$ 1,804	\$ (92)	\$ 1,712
Other long-term liabilities	961	31	992
Long-term deferred revenue and financed unearned services revenue	1,673	(22)	1,651
Total stockholders' equity	2,067	209	2,276

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

	Three Months Ended			Year Ended		
	April 27, 2018			April 27, 2018		
	As Previously Reported	Impact of ASC 606 Adoption	As Adjusted	As Previously Reported	Impact of ASC 606 Adoption	As Adjusted
Revenues:						
Product	\$ 1,011	\$ 16	\$ 1,027	\$ 3,461	\$ 64	\$ 3,525
Software maintenance	247	(13)	234	958	(56)	902
Hardware maintenance and other services	383	—	383	1,492	—	1,492
Net revenues	<u>1,641</u>	<u>3</u>	<u>1,644</u>	<u>5,911</u>	<u>8</u>	<u>5,919</u>
Cost of revenues:						
Cost of product	500	(4)	496	1,738	—	1,738
Cost of software maintenance	6	—	6	25	—	25
Cost of hardware maintenance and other services	113	—	113	449	(2)	447
Total cost of revenues	<u>619</u>	<u>(4)</u>	<u>615</u>	<u>2,212</u>	<u>(2)</u>	<u>2,210</u>
Gross profit	<u>1,022</u>	<u>7</u>	<u>1,029</u>	<u>3,699</u>	<u>10</u>	<u>3,709</u>
Operating expenses:						
Sales and marketing	461	(18)	443	1,729	(23)	1,706
Research and development	203	—	203	783	—	783
General and administrative	71	—	71	280	—	280
Gain on sale or derecognition of assets	—	—	—	(218)	—	(218)
Total operating expenses	<u>735</u>	<u>(18)</u>	<u>717</u>	<u>2,574</u>	<u>(23)</u>	<u>2,551</u>
Income from operations	287	25	312	1,125	33	1,158
Other income, net	<u>16</u>	<u>—</u>	<u>16</u>	<u>41</u>	<u>—</u>	<u>41</u>
Income before income taxes	303	25	328	1,166	33	1,199
Provision for income taxes	<u>32</u>	<u>6</u>	<u>38</u>	<u>1,090</u>	<u>(7)</u>	<u>1,083</u>
Net income	<u>\$ 271</u>	<u>\$ 19</u>	<u>\$ 290</u>	<u>\$ 76</u>	<u>\$ 40</u>	<u>\$ 116</u>
Net income per share:						
Basic	<u>\$ 1.02</u>	<u>\$ 0.07</u>	<u>\$ 1.09</u>	<u>\$ 0.28</u>	<u>\$ 0.15</u>	<u>\$ 0.43</u>
Diluted	<u>\$ 0.99</u>	<u>\$ 0.07</u>	<u>\$ 1.06</u>	<u>\$ 0.28</u>	<u>\$ 0.14</u>	<u>\$ 0.42</u>
Shares used in net income per share calculations:						
Basic	<u>265</u>	<u>265</u>	<u>265</u>	<u>268</u>	<u>268</u>	<u>268</u>
Diluted	<u>273</u>	<u>273</u>	<u>273</u>	<u>276</u>	<u>276</u>	<u>276</u>

**NETAPP, INC.**  
**SUPPLEMENTAL DATA**

(In millions except net income per share, percentages, DSO, DIO, DPO, CCC and Inventory Turns)  
(Unaudited)

	<u>Q4 FY'19</u>	<u>Q3 FY'19</u>	<u>Q4 FY'18</u>	<u>FY 2019</u>	<u>FY2018</u>
<b>Revenues</b>					
Product	\$ 1,000	\$ 967	\$ 1,027	\$ 3,755	\$ 3,525
<i>Strategic</i>	\$ 774	\$ 674	\$ 747	\$ 2,709	\$ 2,468
<i>Mature</i>	\$ 226	\$ 293	\$ 280	\$ 1,046	\$ 1,057
Software Maintenance	\$ 242	\$ 239	\$ 234	\$ 946	\$ 902
Hardware Maintenance and Other Services	\$ 350	\$ 357	\$ 383	\$ 1,445	\$ 1,492
<i>Hardware Maintenance Support Contracts</i>	\$ 284	\$ 292	\$ 310	\$ 1,182	\$ 1,214
<i>Professional and Other Services</i>	\$ 66	\$ 65	\$ 73	\$ 263	\$ 278
<b>Net Revenues</b>	<b>\$ 1,592</b>	<b>\$ 1,563</b>	<b>\$ 1,644</b>	<b>\$ 6,146</b>	<b>\$ 5,919</b>

**Geographic Mix**

	<u>% of Q4 FY'19 Revenue</u>	<u>% of Q3 FY'19 Revenue</u>	<u>% of Q4 FY'18 Revenue</u>	<u>% of FY 2019 Revenue</u>	<u>% of FY 2018 Revenue</u>
Americas	57%	52%	54%	56%	54%
<i>Americas Commercial</i>	45%	41%	42%	44%	41%
<i>U.S. Public Sector</i>	11%	11%	12%	12%	13%
EMEA	29%	33%	33%	30%	32%
Asia Pacific	14%	14%	13%	14%	14%

**Pathways Mix**

	<u>% of Q4 FY'19 Revenue</u>	<u>% of Q3 FY'19 Revenue</u>	<u>% of Q4 FY'18 Revenue</u>	<u>% of FY 2019 Revenue</u>	<u>% of FY 2018 Revenue</u>
Direct	24%	19%	21%	24%	21%
Indirect	76%	81%	79%	76%	79%

**Non-GAAP Gross Margins**

	<u>Q4 FY'19</u>	<u>Q3 FY'19</u>	<u>Q4 FY'18</u>	<u>FY 2019</u>	<u>FY2018</u>
Non-GAAP Gross Margin	65.2%	63.7%	63.3%	65.0%	63.5%
Product	55.3%	52.6%	52.7%	54.4%	51.8%
Software Maintenance	95.9%	95.8%	97.4%	96.3%	97.2%
Hardware Maintenance and Other Services	72.3%	72.3%	71.0%	72.0%	70.7%

**Non-GAAP Income from Operations, Income  
before Income Taxes & Effective Tax Rate**

	<u>Q4 FY'19</u>	<u>Q3 FY'19</u>	<u>Q4 FY'18</u>	<u>FY 2019</u>	<u>FY2018</u>
Non-GAAP Income from Operations	\$ 358	\$ 367	\$ 360	\$ 1,387	\$ 1,159
% of Net Revenues	22.5%	23.5%	21.9%	22.6%	19.6%
Non-GAAP Income before Income Taxes	\$ 372	\$ 375	\$ 376	\$ 1,434	\$ 1,200
Non-GAAP Effective Tax Rate	18.1%	18.7%	18.4%	18.4%	18.1%

**Non-GAAP Net Income**

	<u>Q4 FY'19</u>	<u>Q3 FY'19</u>	<u>Q4 FY'18</u>	<u>FY 2019</u>	<u>FY2018</u>
Non-GAAP Net Income	\$ 305	\$ 305	\$ 307	\$ 1,171	\$ 983
Non-GAAP Weighted Average Common Shares Outstanding, Diluted	249	255	273	259	276
Non-GAAP Income per Share, Diluted	\$ 1.22	\$ 1.20	\$ 1.12	\$ 4.52	\$ 3.56

**Select Balance Sheet Items**

	<u>Q4 FY'19</u>	<u>Q3 FY'19</u>	<u>Q4 FY'18</u>
Deferred Revenue and Financed Unearned Services Revenue	\$ 3,668	\$ 3,357	\$ 3,363
DSO (days)	70	51	58
DIO (days)	21	16	18
DPO (days)	87	78	90
CCC (days)	3	(11)	(14)
Inventory Turns	17	23	20

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

*Days inventory outstanding (DIO) is defined as net inventories divided by cost of revenues, multiplied by the number of days in the quarter.*

*Days payables outstanding (DPO) is defined as accounts payable divided by cost of revenues, multiplied by the number of days in the quarter.*

*Cash conversion cycle (CCC) is defined as DSO plus DIO minus DPO.*

*Inventory turns is defined as annualized cost of revenues divided by net inventories.*

**Select Cash Flow Statement Items**

	<u>Q4 FY'19</u>	<u>Q3 FY'19</u>	<u>Q4 FY'18</u>	<u>FY 2019</u>	<u>FY2018</u>
Net Cash Provided by Operating Activities	\$ 399	\$ 451	\$ 494	\$ 1,341	\$ 1,478
Purchases of Property and Equipment	\$ 35	\$ 31	\$ 48	\$ 173	\$ 145
Free Cash Flow	\$ 364	\$ 420	\$ 446	\$ 1,168	\$ 1,333
Free Cash Flow as a % of Net Revenues	22.9%	26.9%	27.1%	19.0%	22.5%

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

*Some items may not add or recalculate due to rounding.*

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

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
<b>NET INCOME</b>	\$ 396	\$ 249	\$ 290	\$ 1,169	\$ 116
Adjustments:					
Amortization of intangible assets	8	13	12	46	53
Stock-based compensation	37	43	36	158	161
Litigation settlements	—	—	—	—	5
Restructuring charges	16	—	—	35	—
Gain on sale or derecognition of assets	(73)	—	—	(73)	(218)
Income tax effects	(31)	—	(31)	(82)	10
Resolution of income tax examinations	(48)	—	—	(48)	—
Income tax benefit of ASC 606 adoption	—	—	—	(34)	—
Tax reform	—	—	—	—	856
<b>NON-GAAP NET INCOME</b>	<u>\$ 305</u>	<u>\$ 305</u>	<u>\$ 307</u>	<u>\$ 1,171</u>	<u>\$ 983</u>
<b>COST OF REVENUES</b>	\$ 566	\$ 581	\$ 615	\$ 2,201	\$ 2,210
Adjustments:					
Amortization of intangible assets	(8)	(10)	(9)	(36)	(36)
Stock-based compensation	(4)	(4)	(3)	(14)	(13)
<b>NON-GAAP COST OF REVENUES</b>	<u>\$ 554</u>	<u>\$ 567</u>	<u>\$ 603</u>	<u>\$ 2,151</u>	<u>\$ 2,161</u>
<b>COST OF PRODUCT REVENUES</b>	\$ 457	\$ 469	\$ 496	\$ 1,752	\$ 1,738
Adjustments:					
Amortization of intangible assets	(8)	(10)	(9)	(36)	(36)
Stock-based compensation	(2)	(1)	(1)	(4)	(3)
<b>NON-GAAP COST OF PRODUCT REVENUES</b>	<u>\$ 447</u>	<u>\$ 458</u>	<u>\$ 486</u>	<u>\$ 1,712</u>	<u>\$ 1,699</u>
<b>COST OF HARDWARE MAINTENANCE AND OTHER SERVICES REVENUES</b>	\$ 99	\$ 102	\$ 113	\$ 414	\$ 447
Adjustment:					
Stock-based compensation	(2)	(3)	(2)	(10)	(10)
<b>NON-GAAP COST OF HARDWARE MAINTENANCE AND OTHER SERVICES REVENUES</b>	<u>\$ 97</u>	<u>\$ 99</u>	<u>\$ 111</u>	<u>\$ 404</u>	<u>\$ 437</u>
<b>GROSS PROFIT</b>	\$ 1,026	\$ 982	\$ 1,029	\$ 3,945	\$ 3,709
Adjustments:					
Amortization of intangible assets	8	10	9	36	36
Stock-based compensation	4	4	3	14	13
<b>NON-GAAP GROSS PROFIT</b>	<u>\$ 1,038</u>	<u>\$ 996</u>	<u>\$ 1,041</u>	<u>\$ 3,995</u>	<u>\$ 3,758</u>



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

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
<b>SALES AND MARKETING EXPENSES</b>	\$ 439	\$ 401	\$ 443	\$ 1,657	\$ 1,706
Adjustments:					
Amortization of intangible assets	—	(3)	(3)	(10)	(17)
Stock-based compensation	(15)	(19)	(15)	(67)	(68)
<b>NON-GAAP SALES AND MARKETING EXPENSES</b>	<u>\$ 424</u>	<u>\$ 379</u>	<u>\$ 425</u>	<u>\$ 1,580</u>	<u>\$ 1,621</u>
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	\$ 205	\$ 203	\$ 203	\$ 827	\$ 783
Adjustment:					
Stock-based compensation	(11)	(13)	(11)	(48)	(49)
<b>NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES</b>	<u>\$ 194</u>	<u>\$ 190</u>	<u>\$ 192</u>	<u>\$ 779</u>	<u>\$ 734</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	\$ 69	\$ 67	\$ 71	\$ 278	\$ 280
Adjustments:					
Stock-based compensation	(7)	(7)	(7)	(29)	(31)
Litigation settlements	—	—	—	—	(5)
<b>NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>\$ 62</u>	<u>\$ 60</u>	<u>\$ 64</u>	<u>\$ 249</u>	<u>\$ 244</u>
<b>RESTRUCTURING CHARGES</b>	\$ 16	\$ —	\$ —	\$ 35	\$ —
Adjustment:					
Restructuring charges	(16)	—	—	(35)	—
<b>NON-GAAP RESTRUCTURING CHARGES</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>GAIN ON SALE OR DERECOGNITION OF ASSETS</b>	\$ (73)	\$ —	\$ —	\$ (73)	\$ (218)
Adjustment:					
Gain on sale or derecognition of assets	73	—	—	73	218
<b>NON-GAAP GAIN ON SALE OR DERECOGNITION OF ASSETS</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>OPERATING EXPENSES</b>	\$ 656	\$ 671	\$ 717	\$ 2,724	\$ 2,551
Adjustments:					
Amortization of intangible assets	—	(3)	(3)	(10)	(17)
Stock-based compensation	(33)	(39)	(33)	(144)	(148)
Litigation settlements	—	—	—	—	(5)
Restructuring charges	(16)	—	—	(35)	—
Gain on sale or derecognition of assets	73	—	—	73	218
<b>NON-GAAP OPERATING EXPENSES</b>	<u>\$ 680</u>	<u>\$ 629</u>	<u>\$ 681</u>	<u>\$ 2,608</u>	<u>\$ 2,599</u>

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

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
<b>INCOME FROM OPERATIONS</b>	\$ 370	\$ 311	\$ 312	\$ 1,221	\$ 1,158
Adjustments:					
Amortization of intangible assets	8	13	12	46	53
Stock-based compensation	37	43	36	158	161
Litigation settlements	—	—	—	—	5
Restructuring charges	16	—	—	35	—
Gain on sale or derecognition of assets	(73)	—	—	(73)	(218)
<b>NON-GAAP INCOME FROM OPERATIONS</b>	<u>\$ 358</u>	<u>\$ 367</u>	<u>\$ 360</u>	<u>\$ 1,387</u>	<u>\$ 1,159</u>
<b>INCOME BEFORE INCOME TAXES</b>	\$ 384	\$ 319	\$ 328	\$ 1,268	\$ 1,199
Adjustments:					
Amortization of intangible assets	8	13	12	46	53
Stock-based compensation	37	43	36	158	161
Litigation settlements	—	—	—	—	5
Restructuring charges	16	—	—	35	—
Gain on sale or derecognition of assets	(73)	—	—	(73)	(218)
<b>NON-GAAP INCOME BEFORE INCOME TAXES</b>	<u>\$ 372</u>	<u>\$ 375</u>	<u>\$ 376</u>	<u>\$ 1,434</u>	<u>\$ 1,200</u>
<b>PROVISION (BENEFIT) FOR INCOME TAXES</b>	\$ (12)	\$ 70	\$ 38	\$ 99	\$ 1,083
Adjustments:					
Income tax effects	31	—	31	82	(10)
Resolution of income tax examinations	48	—	—	48	—
Income tax benefit of ASC 606 adoption	—	—	—	34	—
Tax reform	—	—	—	—	(856)
<b>NON-GAAP PROVISION FOR INCOME TAXES</b>	<u>\$ 67</u>	<u>\$ 70</u>	<u>\$ 69</u>	<u>\$ 263</u>	<u>\$ 217</u>
<b>NET INCOME PER SHARE</b>	\$ 1.59	\$ 0.98	\$ 1.06	\$ 4.51	\$ 0.42
Adjustments:					
Amortization of intangible assets	0.03	0.05	0.04	0.18	0.19
Stock-based compensation	0.15	0.17	0.13	0.61	0.58
Litigation settlements	—	—	—	—	0.02
Restructuring charges	0.06	—	—	0.14	—
Gain on sale or derecognition of assets	(0.29)	—	—	(0.28)	(0.79)
Income tax effects	(0.12)	—	(0.11)	(0.32)	0.04
Resolution of income tax examinations	(0.19)	—	—	(0.19)	—
Income tax benefit of ASC 606 adoption	—	—	—	(0.13)	—
Tax reform	—	—	—	—	3.10
<b>NON-GAAP NET INCOME PER SHARE</b>	<u>\$ 1.22</u>	<u>\$ 1.20</u>	<u>\$ 1.12</u>	<u>\$ 4.52</u>	<u>\$ 3.56</u>

**RECONCILIATION OF NON-GAAP TO GAAP  
GROSS MARGIN  
(\$ in millions)**

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
<b>Gross margin-GAAP</b>	64.4%	62.8%	62.6%	64.2%	62.7%
Cost of revenues adjustments	0.8%	0.9%	0.7%	0.8%	0.8%
<b>Gross margin-Non-GAAP</b>	65.2%	63.7%	63.3%	65.0%	63.5%
GAAP cost of revenues	\$ 566	\$ 581	\$ 615	\$ 2,201	\$ 2,210
Cost of revenues adjustments:					
Amortization of intangible assets	(8)	(10)	(9)	(36)	(36)
Stock-based compensation	(4)	(4)	(3)	(14)	(13)
Non-GAAP cost of revenues	\$ 554	\$ 567	\$ 603	\$ 2,151	\$ 2,161
Net revenues	\$ 1,592	\$ 1,563	\$ 1,644	\$ 6,146	\$ 5,919

**RECONCILIATION OF NON-GAAP TO GAAP  
PRODUCT GROSS MARGIN  
(\$ in millions)**

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
<b>Product gross margin-GAAP</b>	54.3%	51.5%	51.7%	53.3%	50.7%
Cost of product revenues adjustments	1.0%	1.1%	1.0%	1.1%	1.1%
<b>Product gross margin-Non-GAAP</b>	55.3%	52.6%	52.7%	54.4%	51.8%
GAAP cost of product revenues	\$ 457	\$ 469	\$ 496	\$ 1,752	\$ 1,738
Cost of product revenues adjustments:					
Amortization of intangible assets	(8)	(10)	(9)	(36)	(36)
Stock-based compensation	(2)	(1)	(1)	(4)	(3)
Non-GAAP cost of product revenues	\$ 447	\$ 458	\$ 486	\$ 1,712	\$ 1,699
Product revenues	\$ 1,000	\$ 967	\$ 1,027	\$ 3,755	\$ 3,525

**RECONCILIATION OF NON-GAAP TO GAAP  
HARDWARE MAINTENANCE AND OTHER SERVICES GROSS MARGIN  
(\$ in millions)**

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
<b>Hardware maintenance and other services gross margin-GAAP</b>	71.7%	71.4%	70.5%	71.3%	70.0%
Cost of hardware maintenance and other services revenues adjustment	0.6%	0.8%	0.5%	0.7%	0.7%
<b>Hardware maintenance and other services gross margin-Non-GAAP</b>	72.3%	72.3%	71.0%	72.0%	70.7%
GAAP cost of hardware maintenance and other services revenues	\$ 99	\$ 102	\$ 113	\$ 414	\$ 447
Cost of hardware maintenance and other services revenues adjustment:					
Stock-based compensation	(2)	(3)	(2)	(10)	(10)
Non-GAAP cost of hardware maintenance and other services revenues	\$ 97	\$ 99	\$ 111	\$ 404	\$ 437
Hardware maintenance and other services revenues	\$ 350	\$ 357	\$ 383	\$ 1,445	\$ 1,492

**RECONCILIATION OF NON-GAAP TO GAAP  
EFFECTIVE TAX RATE**

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
<b>GAAP effective tax rate</b>	(3.1)%	21.9%	11.6%	7.8%	90.3%
<b>Adjustments:</b>					
Income tax effects	8.3%	(3.2)%	6.8%	4.9%	(0.8)%
Resolution of income tax examinations	12.9%	—%	—%	3.3%	—%
Income tax benefit of ASC 606 adoption	—%	—%	—%	2.4%	—%
Tax reform	—%	—%	—%	—%	(71.4)%
<b>Non-GAAP effective tax rate</b>	18.1%	18.7%	18.4%	18.4%	18.1%

**RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES  
TO FREE CASH FLOW (NON-GAAP)  
(In millions)**

	<u>Q4'FY19</u>	<u>Q3'FY19</u>	<u>Q4'FY18</u>	<u>FY2019</u>	<u>FY2018</u>
Net cash provided by operating activities	\$ 399	\$ 451	\$ 494	\$ 1,341	\$ 1,478
Purchases of property and equipment	(35)	(31)	(48)	(173)	(145)
<b>Free cash flow</b>	\$ 364	\$ 420	\$ 446	\$ 1,168	\$ 1,333

*Some items may not add or recalculate due to rounding.*

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP**  
**EXPRESSED AS EARNINGS PER SHARE**  
**FIRST QUARTER FISCAL 2020**

	<b>First Quarter Fiscal 2020</b>
Non-GAAP Guidance - Net Income Per Share	\$0.78 - \$0.86
Adjustments of Specific Items to Net Income	
Per Share for the First Quarter Fiscal 2020:	
Amortization of intangible assets	(0.04)
Stock-based compensation expense	(0.16)
Restructuring charges	(0.07)
Income tax effects	0.05
Total Adjustments	(0.22)
GAAP Guidance - Net Income Per Share	\$0.56 - \$0.64

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP**  
**FISCAL 2020**  
**(Unaudited)**

	<b>GROSS MARGIN</b>
Gross Margin - Non-GAAP Guidance	64% - 65%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	63% - 64%
	<b>OPERATING MARGIN</b>
Operating Margin - Non-GAAP Guidance	23% - 24%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(3)%
Gain on sale of properties	1%
Operating Margin - GAAP Guidance	20% - 21%

*Some items may not add or recalculate due to rounding*

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