

**NETAPP, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	April 28, 2017	April 29, 2016
	(In millions, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,444	\$ 2,868
Short-term investments	2,477	2,435
Accounts receivable	731	813
Inventories	163	98
Other current assets	383	234
Total current assets	6,198	6,448
Property and equipment, net	799	937
Goodwill	1,684	1,676
Other intangible assets, net	131	180
Other non-current assets	681	796
Total assets	\$ 9,493	\$ 10,037
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 347	\$ 254
Accrued expenses	782	765
Commercial paper notes	500	—
Short-term loan	—	849
Current portion of long-term debt	749	—
Short-term deferred revenue and financed unearned services revenue	1,744	1,794
Total current liabilities	4,122	3,662
Long-term debt	744	1,490
Other long-term liabilities	249	413
Long-term deferred revenue and financed unearned services revenue	1,598	1,591
Total liabilities	6,713	7,156
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5 shares authorized; no shares issued or outstanding as of April 28, 2017 or April 29, 2016	—	—
Common stock and additional paid-in capital, \$0.001 par value, 885 shares authorized; 269 and 281 shares issued and outstanding as of April 28, 2017 and April 29, 2016, respectively	2,769	2,912
Retained earnings	40	—
Accumulated other comprehensive loss	(29)	(31)
Total stockholders' equity	2,780	2,881
Total liabilities and stockholders' equity	\$ 9,493	\$ 10,037

See accompanying notes to consolidated financial statements.

**NETAPP, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year Ended		
	April 28, 2017	April 29, 2016	April 24, 2015
	(In millions, except per share amounts)		
<b>Revenues:</b>			
Product	\$ 3,006	\$ 2,986	\$ 3,655
Software maintenance	965	949	899
Hardware maintenance and other services	1,548	1,611	1,569
Net revenues	5,519	5,546	6,123
<b>Cost of revenues:</b>			
Cost of product	1,614	1,558	1,657
Cost of software maintenance	28	37	36
Cost of hardware maintenance and other services	487	578	597
Total cost of revenues	2,129	2,173	2,290
Gross profit	3,390	3,373	3,833
<b>Operating expenses:</b>			
Sales and marketing	1,633	1,792	1,913
Research and development	779	861	920
General and administrative	271	307	284
Restructuring charges	52	108	—
Acquisition-related expense	—	8	—
Gain on sale of properties	(10)	(51)	—
Total operating expenses	2,725	3,025	3,117
<b>Income from operations</b>	665	348	716
Other expense, net	—	(3)	(3)
<b>Income before income taxes</b>	665	345	713
Provision for income taxes	156	116	153
<b>Net income</b>	<u>\$ 509</u>	<u>\$ 229</u>	<u>\$ 560</u>
<b>Net income per share:</b>			
Basic	<u>\$ 1.85</u>	<u>\$ 0.78</u>	<u>\$ 1.77</u>
Diluted	<u>\$ 1.81</u>	<u>\$ 0.77</u>	<u>\$ 1.75</u>
<b>Shares used in net income per share calculations:</b>			
Basic	<u>275</u>	<u>294</u>	<u>316</u>
Diluted	<u>281</u>	<u>297</u>	<u>321</u>

See accompanying notes to consolidated financial statements.

**NETAPP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	April 28, 2017	Year Ended April 29, 2016 (In millions)	April 24, 2015
<b>Cash flows from operating activities:</b>			
Net income	\$ 509	\$ 229	\$ 560
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	226	279	307
Stock-based compensation	195	260	259
Deferred income taxes	90	(113)	(3)
Excess tax benefit from stock-based compensation	—	(5)	(55)
Gain on sale of properties	(10)	(51)	—
Other items, net	(6)	75	35
Changes in assets and liabilities, net of acquisitions of businesses:			
Accounts receivable	81	(16)	75
Inventories	(65)	49	(24)
Other operating assets	1	109	13
Accounts payable	94	(53)	39
Accrued expenses	(86)	30	(67)
Deferred revenue and financed unearned services revenue	(37)	186	122
Other operating liabilities	(6)	(5)	7
Net cash provided by operating activities	986	974	1,268
<b>Cash flows from investing activities:</b>			
Purchases of investments	(1,977)	(1,589)	(2,597)
Maturities, sales and collections of investments	1,934	2,571	1,952
Purchases of property and equipment	(175)	(160)	(175)
Proceeds from sale of properties	—	102	—
Acquisitions of businesses, net of cash acquired	(8)	(842)	(85)
Other investing activities, net	6	3	2
Net cash provided by (used in) investing activities	(220)	85	(903)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of common stock under employee stock award plans, net of tax withholdings	92	70	157
Repurchase of common stock	(705)	(960)	(1,165)
Proceeds from issuance of commercial paper notes, net	499	—	—
Excess tax benefit from stock-based compensation	—	5	55
Proceeds from sale-leaseback financing transactions	—	148	—
Proceeds from short-term loan	—	870	—
Issuance of long-term debt, net	—	—	495
Repayment of short-term loan	(850)	(20)	—
Dividends paid	(208)	(210)	(208)
Other financing activities, net	(7)	(12)	(9)
Net cash used in financing activities	(1,179)	(109)	(675)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(11)	(4)	(59)
<b>Net increase (decrease) in cash and cash equivalents</b>	(424)	946	(369)
<b>Cash and cash equivalents:</b>			
Beginning of period	2,868	1,922	2,291
End of period	\$ 2,444	\$ 2,868	\$ 1,922

See accompanying notes to consolidated financial statements.