

NETAPP, INC.
CONSOLIDATED BALANCE SHEETS

	April 26, 2019	April 27, 2018
	(In millions, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,325	\$ 2,941
Short-term investments	1,574	2,450
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	1,735	1,739
Other intangible assets, net	47	94
Other non-current assets	590	450
Total assets	\$ 8,741	\$ 9,991
LIABILITIES AND STOCKHOLDERS' EQUITY		
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
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5 shares authorized; no shares issued or outstanding as of April 26, 2019 or April 27, 2018	—	—
Common stock and additional paid-in capital, \$0.001 par value, 885 shares authorized; 240 and 263 shares issued and outstanding as of April 26, 2019 and April 27, 2018, respectively	1,133	2,355
Retained earnings (accumulated deficit)	—	(9)
Accumulated other comprehensive loss	(43)	(70)
Total stockholders' equity	1,090	2,276
Total liabilities and stockholders' equity	\$ 8,741	\$ 9,991

See accompanying notes to consolidated financial statements.

NETAPP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended		
	April 26, 2019	April 27, 2018	April 28, 2017
	(In millions, except per share amounts)		
Revenues:			
Product	\$ 3,755	\$ 3,525	\$ 3,060
Software maintenance	946	902	905
Hardware maintenance and other services	1,445	1,492	1,526
Net revenues	<u>6,146</u>	<u>5,919</u>	<u>5,491</u>
Cost of revenues:			
Cost of product	1,752	1,738	1,612
Cost of software maintenance	35	25	28
Cost of hardware maintenance and other services	414	447	487
Total cost of revenues	<u>2,201</u>	<u>2,210</u>	<u>2,127</u>
Gross profit	<u>3,945</u>	<u>3,709</u>	<u>3,364</u>
Operating expenses:			
Sales and marketing	1,657	1,706	1,651
Research and development	827	783	779
General and administrative	278	280	271
Restructuring charges	35	—	52
Gain on sale or derecognition of assets	(73)	(218)	(10)
Total operating expenses	<u>2,724</u>	<u>2,551</u>	<u>2,743</u>
Income from operations	<u>1,221</u>	<u>1,158</u>	<u>621</u>
Other income, net	47	41	—
Income before income taxes	<u>1,268</u>	<u>1,199</u>	<u>621</u>
Provision for income taxes	99	1,083	140
Net income	<u>\$ 1,169</u>	<u>\$ 116</u>	<u>\$ 481</u>
Net income per share:			
Basic	<u>\$ 4.60</u>	<u>\$ 0.43</u>	<u>\$ 1.75</u>
Diluted	<u>\$ 4.51</u>	<u>\$ 0.42</u>	<u>\$ 1.71</u>
Shares used in net income per share calculations:			
Basic	<u>254</u>	<u>268</u>	<u>275</u>
Diluted	<u>259</u>	<u>276</u>	<u>281</u>

See accompanying notes to consolidated financial statements.

NETAPP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	<u>April 26, 2019</u>	<u>April 27, 2018</u>	<u>April 28, 2017</u>
	(In millions)		
Cash flows from operating activities:			
Net income	\$ 1,169	\$ 116	\$ 481
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	197	198	226
Stock-based compensation	158	161	195
Deferred income taxes	(3)	270	74
Gain on sale or derecognition of assets	(73)	(218)	(10)
Other items, net	2	(27)	(7)
Changes in assets and liabilities, net of acquisitions of businesses:			
Accounts receivable	(185)	(289)	90
Inventories	(9)	36	(66)
Other operating assets	(73)	(38)	25
Accounts payable	(57)	262	94
Accrued expenses	42	162	(86)
Deferred revenue and financed unearned services revenue	343	139	(23)
Long-term taxes payable	(164)	714	(6)
Other operating liabilities	(6)	(8)	(1)
Net cash provided by operating activities	<u>1,341</u>	<u>1,478</u>	<u>986</u>
Cash flows from investing activities:			
Purchases of investments	(41)	(1,389)	(1,977)
Maturities, sales and collections of investments	917	1,379	1,934
Purchases of property and equipment	(173)	(145)	(175)
Proceeds from sale of properties	—	210	—
Acquisitions of businesses, net of cash acquired	(3)	(75)	(8)
Other investing activities, net	4	(1)	3
Net cash provided by (used in) investing activities	<u>704</u>	<u>(21)</u>	<u>(223)</u>
Cash flows from financing activities:			
Proceeds from issuance of common stock under employee stock award plans	121	173	140
Payments for taxes related to net share settlement of stock awards	(96)	(75)	(48)
Repurchase of common stock	(2,111)	(794)	(705)
Proceeds from (repayments of) commercial paper notes, net	(136)	(115)	499
Issuance of long-term debt, net	—	795	—
Repayment of short-term loan	—	—	(850)
Repayment of long-term debt	—	(750)	—
Dividends paid	(403)	(214)	(208)
Other financing activities, net	(6)	(6)	(7)
Net cash used in financing activities	<u>(2,631)</u>	<u>(986)</u>	<u>(1,179)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(30)	26	(11)
Net increase (decrease) in cash, cash equivalents and restricted cash	(616)	497	(427)
Cash, cash equivalents and restricted cash:			
Beginning of period	<u>2,947</u>	<u>2,450</u>	<u>2,877</u>
End of period	<u>\$ 2,331</u>	<u>\$ 2,947</u>	<u>\$ 2,450</u>

See accompanying notes to consolidated financial statements.