

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

	April 24, 2020	April 26, 2019
	(In millions, except par value)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,658	\$ 2,325
Short-term investments	224	1,574
Accounts receivable	973	1,216
Inventories	145	131
Other current assets	274	364
Total current assets	4,274	5,610
Property and equipment, net	727	759
Goodwill	1,778	1,735
Other intangible assets, net	44	47
Other non-current assets	699	590
Total assets	<u>\$ 7,522</u>	<u>\$ 8,741</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 426	\$ 542
Accrued expenses	774	851
Commercial paper notes	522	249
Current portion of long-term debt	—	400
Short-term deferred revenue and financed unearned services revenue	1,894	1,825
Total current liabilities	3,616	3,867
Long-term debt	1,146	1,144
Other long-term liabilities	714	797
Long-term deferred revenue and financed unearned services revenue	1,804	1,843
Total liabilities	<u>7,280</u>	<u>7,651</u>
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5 shares authorized; no shares issued or outstanding as of April 24, 2020 or April 26, 2019	—	—
Common stock and additional paid-in capital, \$0.001 par value, 885 shares authorized; 219 and 240 shares issued and outstanding as of April 24, 2020 and April 26, 2019, respectively	284	1,133
Retained earnings	—	—
Accumulated other comprehensive loss	(42)	(43)
Total stockholders' equity	242	1,090
Total liabilities and stockholders' equity	<u>\$ 7,522</u>	<u>\$ 8,741</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended		
	April 24, 2020	April 26, 2019	April 27, 2018
	(In millions, except per share amounts)		
<b>Revenues:</b>			
Product	\$ 2,995	\$ 3,755	\$ 3,525
Software maintenance	1,034	946	902
Hardware maintenance and other services	1,383	1,445	1,492
Net revenues	<u>5,412</u>	<u>6,146</u>	<u>5,919</u>
<b>Cost of revenues:</b>			
Cost of product	1,368	1,752	1,738
Cost of software maintenance	48	35	25
Cost of hardware maintenance and other services	373	414	447
Total cost of revenues	<u>1,789</u>	<u>2,201</u>	<u>2,210</u>
Gross profit	<u>3,623</u>	<u>3,945</u>	<u>3,709</u>
<b>Operating expenses:</b>			
Sales and marketing	1,585	1,657	1,706
Research and development	847	827	783
General and administrative	263	278	280
Restructuring charges	21	35	—
Gain on sale or derecognition of assets	(38)	(73)	(218)
Total operating expenses	<u>2,678</u>	<u>2,724</u>	<u>2,551</u>
<b>Income from operations</b>	<u>945</u>	<u>1,221</u>	<u>1,158</u>
Other income (expense), net	(1)	47	41
<b>Income before income taxes</b>	<u>944</u>	<u>1,268</u>	<u>1,199</u>
Provision for income taxes	125	99	1,083
<b>Net income</b>	<u>\$ 819</u>	<u>\$ 1,169</u>	<u>\$ 116</u>
<b>Net income per share:</b>			
Basic	<u>\$ 3.56</u>	<u>\$ 4.60</u>	<u>\$ 0.43</u>
Diluted	<u>\$ 3.52</u>	<u>\$ 4.51</u>	<u>\$ 0.42</u>
<b>Shares used in net income per share calculations:</b>			
Basic	<u>230</u>	<u>254</u>	<u>268</u>
Diluted	<u>233</u>	<u>259</u>	<u>276</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended		
	April 24, 2020	April 26, 2019 (In millions)	April 27, 2018
<b>Cash flows from operating activities:</b>			
Net income	\$ 819	\$ 1,169	\$ 116
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	193	197	198
Non-cash operating lease cost	51	—	—
Stock-based compensation	153	158	161
Deferred income taxes	(17)	(3)	270
Gain on sale or derecognition of assets	(38)	(73)	(218)
Other items, net	1	2	(27)
Changes in assets and liabilities, net of acquisitions of businesses:			
Accounts receivable	238	(185)	(289)
Inventories	(14)	(9)	36
Other operating assets	84	(73)	(38)
Accounts payable	(117)	(57)	262
Accrued expenses	(177)	42	162
Deferred revenue and financed unearned services revenue	54	343	139
Long-term taxes payable	(163)	(164)	714
Other operating liabilities	(7)	(6)	(8)
Net cash provided by operating activities	1,060	1,341	1,478
<b>Cash flows from investing activities:</b>			
Purchases of investments	(13)	(41)	(1,389)
Maturities, sales and collections of investments	1,383	917	1,379
Purchases of property and equipment	(124)	(173)	(145)
Proceeds from sale of properties	96	—	210
Acquisitions of businesses, net of cash acquired	(73)	(3)	(75)
Other investing activities, net	—	4	(1)
Net cash provided by (used in) investing activities	1,269	704	(21)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of common stock under employee stock award plans	102	121	173
Payments for taxes related to net share settlement of stock awards	(79)	(96)	(75)
Repurchase of common stock	(1,411)	(2,111)	(794)
Proceeds from (repayments of) commercial paper notes, original maturities of three months or less, net	172	(136)	(115)
Issuances of debt, net of issuance costs	111	—	795
Repayments of debt	(410)	—	(750)
Dividends paid	(439)	(403)	(214)
Other financing activities, net	(6)	(6)	(6)
Net cash used in financing activities	(1,960)	(2,631)	(986)
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>			
	(34)	(30)	26
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	335	(616)	497
<b>Cash, cash equivalents and restricted cash:</b>			
Beginning of period	2,331	2,947	2,450
End of period	\$ 2,666	\$ 2,331	\$ 2,947

See accompanying notes to consolidated financial statements.