NetApp, Inc.
Form DEF 14A
August 01, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

NETAPP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NETAPP, INC.

495 East Java Drive

Sunnyvale, California 94089

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held Thursday, September 14, 2017

You are cordially invited to attend the Annual Meeting of Stockholders, and any adjournment, postponement or other delay thereof (the Annual Meeting), of NetApp, Inc., a Delaware corporation (NetApp), which will be held on Thursday, September 14, 2017 at 3:30 p.m. local time, at NetApp s headquarters, 495 East Java Drive, Sunnyvale, California 94089. We are holding the Annual Meeting for the following purposes:

1. To elect the following individuals to serve as members of the Board of Directors until the 2018 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified: T. Michael Nevens, Alan L. Earhart, Gerald Held, Kathryn M. Hill, George Kurian, George T. Shaheen, Stephen M. Smith and Richard P. Wallace;

2. To approve an amendment to NetApp s Amended and Restated 1999 Stock Option Plan to increase the share reserve by an additional 8,500,000 shares of common stock;

3. To approve an amendment to NetApp s Employee Stock Purchase Plan to increase the share reserve by an additional 2,500,000 shares of common stock;

4. To hold an advisory vote to approve Named Executive Officer compensation;

5. To hold an advisory vote to approve the frequency of future advisory votes to approve Named Executive Officer compensation;

6.

To ratify the appointment of Deloitte & Touche LLP as NetApp s independent registered public accounting firm for the fiscal year ending April 27, 2018;

7. To consider and vote upon two proposals submitted by stockholders, if properly presented at the Annual Meeting; and

8. To transact such other business as may properly come before the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement that accompanies this Notice of Annual Meeting of Stockholders. The Board of Directors has fixed the close of business on July 17, 2017, as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting.

In accordance with the rules and regulations of the Securities and Exchange Commission, we have elected to provide access to our proxy materials over the Internet. Accordingly, NetApp will mail, on or about July 26, 2017, a Notice of Internet Availability of Proxy Materials to its stockholders of record and beneficial owners. The Notice of Internet Availability of Proxy Materials will identify: (1) the website where our proxy materials will be made available; (2) the date, time and location of the Annual Meeting; (3) the matters to be acted upon at the Annual Meeting and the Board of Directors recommendation with regard to each matter; (4) a toll-free telephone number, an e-mail address, and a website where stockholders can request a paper or e-mail copy of the Proxy Statement, (together with a form of proxy) and our Annual Report on Form 10-K; (5) instructions on how to vote your shares by proxy; and (6) information on how to obtain directions to attend the Annual Meeting and vote in person by ballot. All proxy materials will be available free of charge.

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To assure your representation at the Annual Meeting, you are urged to cast your vote as instructed in the Notice of Internet Availability of Proxy Materials over the Internet or by telephone as promptly as possible. You may also request a paper proxy card to submit your vote by mail, if you prefer. Any stockholder of record attending the Annual Meeting may vote in person by ballot, even if such stockholder has previously voted over the Internet, voted by telephone or returned a signed proxy card. Any beneficial owner who is not a stockholder of record will be required to show a legal proxy from such stockholder s bank, broker or other nominee in order to vote in person by ballot at the Annual Meeting.

Thank you for your interest in NetApp.

BY ORDER OF THE BOARD OF DIRECTORS,

Chief Executive Officer and President

Sunnyvale, California

August 1, 2017

YOUR VOTE IS EXTREMELY IMPORTANT. TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, YOU ARE URGED TO VOTE BY TELEPHONE OR OVER THE INTERNET AS PROMPTLY AS POSSIBLE. ALTERNATIVELY, YOU MAY REQUEST A PAPER PROXY CARD, WHICH YOU SHOULD SIGN, DATE AND RETURN BY MAIL.

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This summary highlights information contained within this Proxy Statement. It does not contain all the information found in this Proxy Statement, and is qualified in its entirety by the remainder of this Proxy Statement. You should read the entire Proxy Statement carefully and consider all information before voting. Page references are supplied to help you find further information in this Proxy Statement.

Voting Matters and Recommendation

Voting Matter	Board Vote Recommendation	Page
Election of eight (8) director nominees	FOR each nominee	60
Approval of an amendment to NetApp s Amended and Restated 1999 Stock Option Plan	FOR	61
Approval of an amendment to NetApp s Employee Stock Purchase Plan	FOR	72
Advisory approval of our executive compensation	FOR	78
Advisory approval of the frequency of our advisory votes on our executive compensation	FOR EVERY YEAR	80

Ratification of appointment of independent registered public accounting firm	FOR	81
Stockholder proposal for an annual diversity report	AGAINST	83
Stockholder proposal for proxy access	NO RECOMMENDATION	87

Fiscal 2017 Business Highlights

In fiscal 2017, NetApp generated $5.5 billion in net revenues. GAAP net income for fiscal 2017 was $509 million, or $1.81 per share, [1] and non-GAAP net income was $768 million, or $2.73 per share. [2] Over the course of the year, we generated $986 million in cash flows from operations. We also returned approximately $913 million to stockholders, comprised of approximately $705 million through share repurchases and $208 million through dividends. Through share repurchases and dividends, we have returned approximately $5.5 billion to stockholders since May 2013.

[1] GAAP earnings per share is calculated using the diluted number of shares for the period presented. A reconciliation of non-GAAP to GAAP results can be found in Annex A.

[2] Non-GAAP earnings per share is calculated using the diluted number of shares for the period presented. A reconciliation of non-GAAP to GAAP results can be found in Annex A.

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In fiscal 2017, NetApp continued to advance its Data Fabric strategy. In a world where technology is changing our everyday lives, digital transformation tops the strategic agenda in most organizations. To successfully transform, data is becoming the lifeblood of an organization, seamlessly flowing through it to enable new customer touchpoints through technology, create innovative business opportunities and optimize operations. The NetApp Data Fabric simplifies and integrates data management across cloud and on-premises to accelerate digital transformation. The NetApp Data Fabric delivers consistent and integrated hybrid cloud data services for data visibility and insights, data access and control, and data protection and security. By coupling the strength of our Data Fabric strategy and the benefits we deliver to customers with a more efficient and agile business, we believe that we can generate long-term value for stockholders.

See also the *Fiscal 2017 Company Performance* and *Fiscal 2017 Financial Performance* sections within our *Compensation Discussion and Analysis* on page 25 of this Proxy Statement. Detailed information on our products and our financial performance can be found in our Annual Report on 10-K for the year ended April 28, 2017.

Corporate Governance and Executive Compensation

Director Nominees

Name of Nominee	Age	Director Since	Independent	NetApp Committee Memberships
T. Michael Nevens*	67	2009	Yes	Audit, Corporate Governance and Nominating (Chair)
Alan L. Earhart	73	2004	Yes	Audit (Chair), Corporate Governance and Nominating
Gerald Held	69	2009	Yes	Compensation
Kathryn M. Hill	60	2013	Yes	Audit
George Kurian	50	2015	No	

George T. Shaheen	73	2004	Yes	Compensation
Stephen M. Smith	61	2016	Yes	Compensation
Richard P. Wallace	57	2011	Yes	Compensation

* Chairman of the Board

Audit Committee Financial Expert

Corporate Governance and Executive Compensation Highlights

We are committed to good corporate governance, which promotes the long-term interests of our stockholders and strengthens our Board and management accountability. Our executive compensation program is designed to hold our executives accountable for results over the long term and reward them for consistently strong corporate performance. During fiscal 2017, we redesigned our cash incentive plan for our executives to include individual performance goals.

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Governance and executive compensation highlights include:

- Other than the Chief Executive Officer, our Board comprises all independent directors (9 out of 10 directors);
- Separation of the roles of Chairman and Chief Executive Officer;
- Four new directors joined the Board in the last six years;
- Majority voting in the uncontested election of directors;
- Each director is required to submit an irrevocable, conditional resignation effective only upon both (1) the failure to receive the required vote for reelection and (2) our Board s acceptance of such resignation;
- Three active standing Board committees with 100% independent members;
- Performance-based equity compensation;
- Annual Say-on-Pay vote;
- Director and executive stock ownership guidelines;
- Anti-hedging and anti-pledging policies;
- Compensation clawback policy;
- Board involvement in setting longterm corporate strategy;
- Board oversight of risk management;
- Annual Board and Board committee self-evaluations;

Annual assessment of director compensation; and

Robust Code of Conduct.

For more information about our corporate governance practices, please refer to the information under *Corporate Governance* beginning on page 12 of this Proxy Statement. For more information about our executive compensation program, please refer to the information under *Compensation Discussion and Analysis* beginning on page 25 of this Proxy Statement.

Cautionary Statement Regarding Forward-Looking Statements

This Proxy Statement may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are all statements (and their underlying assumptions) included in this Proxy Statement that refer, directly or indirectly, to future events or outcomes and, as such, are inherently not factual, but rather reflect only our current projections for the future. Consequently, forward-looking statements usually include words such as estimate, intend, plan, predict, seek, may, will, should, would, could, anticipate, expect, b
each case, intended to refer to future events or circumstances. Our future results may differ materially from our past results and from those projected in the forward-looking statements due to various uncertainties and risks, including, but not limited to, those described in Item 1A (Risk Factors) of Part I of our Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof and are based upon information available to us at this time. These statements are not guarantees of future performance. We disclaim any obligation to update information in any forward-looking statement. Actual results could vary from our forward-looking statements due to the factors described in our Annual Report on Form 10-K, as well as other important factors.

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PROXY STATEMENT

495 East Java Drive

Sunnyvale, California 94089

FOR THE ANNUAL MEETING OF STOCKHOLDERS OF

NETAPP, INC.

To Be Held Thursday, September 14, 2017

Why am I receiving these materials?

The Board of Directors of NetApp, Inc. (Board or Board of Directors) has made these materials available to you on the Internet or, upon your request, has delivered printed proxy materials to you in connection with the solicitation of proxies for use at our 2017 Annual Meeting of Stockholders, and any adjournment, postponement or other delay thereof (the Annual Meeting). NetApp, Inc., a Delaware corporation, is referred to in this Proxy Statement as the Company, NetApp, we or our . This Proxy Statement describes proposals on which you, as a stockholder, are being asked to vote. It also gives you information on these proposals, as well as other information, so that you can make an informed decision. As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this Proxy Statement.

Why did I receive a Notice in the mail regarding the Internet availability of proxy materials?

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the SEC), instead of mailing a printed copy of our proxy materials to each of our stockholders, we are furnishing proxy materials to our stockholders over the Internet. If you received a Notice of Internet Availability of Proxy Materials (the Notice) by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice instructs you as to how you may access and review all of the information contained in the proxy materials. The Notice also instructs you as to how you may submit your proxy over the Internet or by telephone. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

Who can vote at the Annual Meeting?

Stockholders of record as of the close of business July 17, 2017 (the Record Date) are entitled to vote at the Annual Meeting. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares of common stock, the stockholder of record. If your shares of

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common stock are held by a bank, broker or other nominee, you are considered the beneficial owner of those shares, which are held in street name. As the beneficial owner, you have the right to direct your bank, broker or other nominee how to vote your shares by following the voting instructions that your bank, broker or other nominee provides you. If you do not provide your bank, broker, or other nominee with instructions on how to vote your shares, your bank, broker or other nominee may not vote your shares with respect to any non-routine matters, but may, in its discretion, vote your shares with respect to routine matters. For more information on routine and non-routine matters, see *What are abstentions and broker non-votes?* below.

When and where will the Annual Meeting take place?

The Annual Meeting will be held on Thursday, September 14, 2017, at 3:30 p.m. local time at the Company s headquarters at 495 East Java Drive, Sunnyvale, California 94089. You may contact the Company at (408) 822-6000 for directions to the Annual Meeting.

How do I gain admittance to the Annual Meeting?

Each stockholder must present a valid picture identification, such as a driver s license or passport, and proof of stock ownership as of the Record Date for entrance to the Annual Meeting. Stockholders holding shares of common stock in brokerage accounts through a bank, broker or other nominee may be required to show a brokerage or account statement reflecting their stock ownership. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

How many shares must be present to hold the Annual Meeting?

To hold the meeting and conduct business, a majority of NetApp s shares of common stock issued and outstanding and entitled to vote, in person or by proxy, at the Annual Meeting must be present in person or by proxy. This is called a quorum.

How many shares of NetApp common stock are entitled to vote at the Annual Meeting?

At the Annual Meeting, each holder of common stock is entitled to one vote for each share of common stock held by such stockholder on the Record Date. On the Record Date, the Company had 270,438,848 shares of common stock outstanding and entitled to vote at the Annual Meeting. No shares of the Company s preferred stock were outstanding. There are no cumulative voting rights.

Who will count the votes?

A representative of Broadridge Financial Solutions, Inc. will act as the inspector of elections and tabulate the votes.

How many votes are required for each proposal?

For Proposal No. 1, a nominee for director will be elected to the Board if the number of votes cast FOR a nominee s election exceed the number of votes cast AGAINST such nominee s election. Approval of each of Proposal Nos. 2, 3, 4, 6, 7 and 8 requires the affirmative vote of a majority of the stock having voting power present in person or represented by proxy. For Proposal No. 5, the recommendation regarding the frequency of a say-on-pay advisory vote (every one, two or three years) will be determined based on a plurality of votes cast. This means that the option that receives the most affirmative votes of the votes cast will be deemed to be recommended by the stockholders. Voting results will be published in a Current Report on Form 8-K, which will be filed with the SEC within four business days of the Annual Meeting.

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How do I vote?

The Company is offering stockholders of record four methods of voting: (1) you may vote by telephone; (2) you may vote over the Internet; (3) you may vote in person by ballot at the Annual Meeting; and (4) finally, you may request a proxy card from us and indicate your vote by signing and dating the card where indicated, and mailing or otherwise returning the card in the prepaid envelope provided.

If you submit a proxy card but do not specify your votes, your shares of common stock will be voted:

- FOR the election of all of the nominees named in Proposal No. 1;
- FOR Proposal Nos. 2, 3, 4 and 6;
- FOR a frequency of EVERY YEAR in Proposal No. 5;
- AGAINST Proposal No. 7; and
- ABSTAIN on Proposal No. 8.

Uninstructed proxies will be voted in the proxy holder s discretion as to any other matter that may properly come before the Annual Meeting.

If you hold your shares of common stock through a bank, broker or other nominee, you will receive a voting instruction form from your bank, broker or other nominee with instructions on how to vote. You will not be able to vote by ballot in person at the Annual Meeting unless you have previously obtained a legal proxy from your bank, broker or other nominee and present it with your ballot at the Annual Meeting. Please contact your bank, broker or other nominee for information on obtaining a legal proxy.

How can I change my vote or revoke my proxy?

Any stockholder of record voting by proxy has the power to revoke a proxy at any time before the polls close at the Annual Meeting. You may revoke your proxy by filing with the Secretary of the Company an instrument of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person by ballot. If you are the beneficial owner of your shares, you must contact the bank, broker or other nominee holding your shares and follow the instructions of such bank, broker or other nominee to revoke your proxy or change your vote.

What are abstentions and broker non-votes?

Abstentions will be counted for the purposes of determining both (1) the presence or absence of a quorum for the transaction of business; and (2) the total number of shares entitled to vote in person or by proxy at the Annual Meeting with respect to a proposal. Accordingly, abstentions will have the same effect as a vote against a proposal, except with respect to Proposal Nos. 1 and 5, where they will have no effect.

A broker non-vote occurs when a bank, broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the bank, broker or other nominee does not have discretionary voting power with respect to such proposal and has not received voting instructions from the beneficial owner. Broker non-votes will be counted for the purpose of determining the presence or absence of a quorum for the transaction of business, but will not be counted for the purpose of determining the number of votes cast on a proposal. Accordingly, a broker non-vote will make a quorum more readily attainable, but will not otherwise affect the outcome of the vote on a proposal.

If your shares are held in street name and you do not instruct your bank, broker or other nominee on how to vote your shares, your bank, broker or other nominee may, at its discretion, either leave your shares unvoted or vote your shares on routine matters, but is not permitted to vote your shares on non-routine matters. Proposal No. 6 is considered a routine matter. Proposal Nos. 1, 2, 3, 4, 5, 7 and 8 are considered non-routine matters.

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How many copies of the proxy materials will be delivered to stockholders sharing the same address?

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy delivery requirements for proxy materials with respect to two or more stockholders sharing the same address by delivering a single Proxy Statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for the Company. The Company and some banks and brokers household proxy materials unless contrary instructions have been received from one or more of the affected stockholders. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate Proxy Statement, or if you are receiving multiple copies of the Proxy Statement and wish to receive only one, please (1) follow the instructions provided when you vote over the Internet; or (2) contact Broadridge Financial Solutions, Inc., either by calling toll free at (800) 542-1061 or by writing to Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

Where may I obtain a copy of the Annual Report?

The Notice, this Proxy Statement and the Company s Annual Report on Form 10-K for our fiscal year that ended on April 28, 2017 (the Annual Report) have been made available on our website. Our fiscal year is reported on a 52- or 53-week year that ends on the last Friday in April, and our fiscal 2017 began on April 30, 2016 and ended on April 28, 2017 (fiscal 2017). The Annual Report is not incorporated into this Proxy Statement and is not considered proxy soliciting material. The Annual Report is posted at the following website address: http://investors.netapp.com/annuals.cfm.

Who pays for the solicitation of proxies?

We will bear the cost of soliciting proxies. Copies of solicitation materials will be made available upon request to brokerage houses, fiduciaries, and custodians holding shares in their names that are beneficially owned by others to forward to such beneficial owners. The Company may reimburse such persons for their costs of forwarding the solicitation materials to such beneficial owners. The Company has retained AST Phoenix Advisors, a professional proxy solicitation firm, to assist in the solicitation of proxies from stockholders of the Company. AST Phoenix Advisors may solicit proxies by personal interview, mail, telephone, facsimile, email, or otherwise. The Company expects that it will pay AST Phoenix Advisors a customary fee, estimated to be approximately $10,000, plus reasonable out-of-pocket expenses incurred in the process of soliciting proxies. In addition, the original solicitation of proxies may be supplemented by solicitation by telephone, electronic communication or other means by directors, officers, employees or agents of the Company. No additional compensation will be paid to these individuals for any such services.

How and when may I submit proposals for consideration at next year s Annual Meeting of Stockholders?

The Company s stockholders may submit proposals for consideration at the 2018 Annual Meeting. Stockholders may also recommend candidates for election to our Board of Directors for the 2018 Annual Meeting (see *Corporate Governance Director Selection*).

Pursuant to Rule 14a-8 under the Exchange Act, stockholder proposals may be included in our 2018 Proxy Statement. Any such stockholder proposals must be submitted in writing to the attention of the Corporate Secretary, NetApp, Inc., 495 East Java Drive, Sunnyvale, California 94089, no later than April 3, 2018, which is the date 120 calendar days prior to the first anniversary of the mailing date of this Proxy Statement.

Under the Company s bylaws, a proposal that a stockholder intends to present for consideration at the 2018 Annual Meeting but does not seek to include in the Company s proxy materials for the 2018 Annual Meeting (including the nomination of an individual to serve as a director) must be received by the Corporate Secretary (at the address specified in the preceding paragraph) not less than 120 calendar days prior to the date of the 2018 Annual Meeting. The stockholder s submission must include the information specified in the Company s bylaws.

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Stockholders interested in submitting such a proposal are advised to contact knowledgeable legal counsel with regard to the detailed requirements of applicable securities laws.

If a stockholder gives notice of a proposal or a nomination after the applicable deadline specified above, the notice will not be considered timely, and the stockholder will not be permitted to present the proposal or the nomination to the stockholders for a vote at the 2018 Annual Meeting.

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The name, age and position of each of the Company s directors as of August 1, 2017 are set forth in the table below. Except as described below, each director has been engaged in his or her principal occupation during the past five years. There are no family relationships among any of our directors or executive officers. Messrs. Allen and Wall will be retiring from the Board at the Annual Meeting and are not standing for election. The Board thanks them for their distinguished service to NetApp.

Name of Director	Age	Position	Director Since
T. Michael Nevens*	67	Chairman of the Board	2009
Jeffry R. Allen*	65	Director	2005
Alan L. Earhart*	73	Director	2004
Gerald Held*	69	Director	2009
Kathryn M. Hill*	60	Director	2013
George Kurian	50	Director	2015
George T. Shaheen*	73	Director	2004
Stephen M. Smith*	61	Director	2016
Robert T. Wall*	72	Director	1993

Richard P. Wallace*	57	Director	2011

*Denotes Independent Director

T. MICHAEL NEVENS has been a member of the Board since December 2009 and Chairman since June 2015. From April 2014 until becoming Chairman in June 2015, Mr. Nevens was the Company s Lead Independent Director. Since May 2006, Mr. Nevens has been a senior advisor to Permira Funds, an international private equity fund. Prior to his position with Permira Funds, Mr. Nevens spent 23 years advising technology companies with McKinsey & Co., where he managed the firm s Global High Tech Practice and chaired the firm s IT vendor relations committee. Mr. Nevens currently serves on the board of Ciena Corporation. He also served on the board of Altera Corporation until its acquisition by Intel Corporation in December 2015, as well as the board of Borland Software Corporation from 2004 until 2009. Mr. Nevens has a B.S. degree in physics from the University of Notre Dame and M.S. degree in industrial administration from Purdue University.

Our Board selected Mr. Nevens to serve as a director because his experience in equity investments and advising various technology companies throughout the world led our Board to conclude that he would be a valuable member of our Board, particularly as the Company seeks to grow internationally. His experience on the boards of both public and private technology companies also provides significant value and adds to his diverse perspective.

ALAN L. EARHART has been a member of the Board since December 2004. From 1970 until his retirement in 2001, Mr. Earhart held several positions with Coopers & Lybrand and its successor, PricewaterhouseCoopers LLP, an accounting firm, including most recently as managing partner of PricewaterhouseCoopers Silicon Valley offices.

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Mr. Earhart currently serves on the board of directors of Brocade Communication Systems, Inc. and TiVo Corporation (formerly known as Rovi Corporation), both public technology companies, and is an independent consultant and retired partner of PricewaterhouseCoopers. He previously served on the board of directors of Monolithic Power Systems Inc. and Quantum Corporation. Mr. Earhart holds a B.S. degree in accounting from the University of Oregon.

Our Board selected Mr. Earhart to serve as a director because he brings to our Board a deep knowledge of financial and accounting issues. Through his work experience and service on the boards of several high technology public companies, Mr. Earhart has developed knowledge of the complex issues facing global companies today. In addition, Mr. Earhart qualifies as an audit committee financial expert under the rules and regulations of the SEC. Mr. Earhart is a skilled advisor who makes a strong contribution to the diversity of perspectives on our Board.

GERALD HELD has been a member of the Board since December 2009. Since 1999, Dr. Held has been the Chief Executive Officer of Held Consulting, LLC, a strategic consulting firm. From 2006 to 2010, he was the Executive Chairman of Vertica Systems, an analytic database company that was acquired by Hewlett-Packard Company. From 2002 to 2008, Dr. Held was on the board of Business Objects SA. He was also a founding director for Microplace, Inc., a microfinance marketplace that was acquired by eBay, Inc. and Chairman of Bella Pictures, Inc., which was acquired by CPI Corp. Dr. Held serves on the board of Informatica Corporation, a formerly public technology company, which was taken private by the Permira Funds and Canadian Pension Plan Investment Board. He also serves as chairman of the board of several private companies, including Tamr Inc., MemSQL Inc., and Madaket Inc. From 1976 to 1997, Dr. Held served in a variety of executive roles at Tandem Computers, Inc. and Oracle Corporation.

Our Board selected Mr. Held to serve as a director because he has over 40 years of experience in developing, managing and advising technology organizations. He also has experience leading organizations through periods of growth, including growing a startup company into a public company generating several billion dollars in annual revenue. In addition to his professional experience, Mr. Held has a strong technical background, including an M.S. degree in systems engineering from the University of Pennsylvania and a Ph.D. degree in computer science specializing in relational database technology from University of California, Berkeley.

KATHRYN M. HILL has been a member of the Board since September 2013. Ms. Hill served in a number of positions at Cisco Systems, Inc., a communications company, from 1997 to 2013, including, among others, Executive Advisor from 2011 to 2013, Senior Vice President, Development Strategy and Operations from 2009 to 2011, Senior Vice President, Access Networking and Services Group from 2008 to 2009 and Senior Vice President, Ethernet Systems and Wireless Technology Group from 2005 to 2008. Prior to Cisco, Ms. Hill had a number of engineering roles at various technology companies. Ms. Hill currently serves on the boards of Moody s Corporation and Celanese Corporation. Ms. Hill received a B.S. degree in Computational Mathematics from Rochester Institute of Technology.

Our Board selected Ms. Hill to serve as a director because she has extensive experience in business management and leadership of engineering and operations. Ms. Hill also has experience leading global technology organizations. Our Board believes that this experience, as well as Ms. Hill s service on the board of another public company, adds to our Board s collective level of expertise, skills and qualifications.

GEORGE KURIAN has been a member of our Board since June 2015. Mr. Kurian was appointed as our Chief Executive Officer on June 1, 2015 and President on May 20, 2016. From September 2013 to May 2015, he was Executive Vice President of Product Operations, overseeing all aspects of technology strategy and product and solutions development across our product portfolio. Mr. Kurian joined NetApp in April 2011 as the Senior Vice President of the Storage Solutions Group and was appointed to Senior Vice President of the Data ONTAP group in December 2011. Prior to NetApp, from 2002 to 2011, Mr. Kurian held several positions at Cisco Systems, including most recently as Vice President and General Manager of the application networking and switching technology group.

From 1999 to 2002, Mr. Kurian was the Vice President of product management and strategy at Akamai Technologies. Prior to that he was a management consultant with McKinsey and Company, and led software engineering and product management teams at Oracle Corporation. Mr. Kurian holds a BS degree in electrical engineering from Princeton University and an MBA from Stanford University.

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Our Board selected Mr. Kurian to serve as a director because, as the Company s Chief Executive Officer, Mr. Kurian has direct day-to-day exposure to all aspects of our business. In addition, Mr. Kurian has extensive experience and knowledge of the Company and the industry. As a result of these and other factors, our Board believes that Mr. Kurian adds to our Board s collective level of expertise, skills and qualifications.

GEORGE T. SHAHEEN has been a member of our Board since June 2004. From December 2006 until July 2009, he was the Chief Executive Officer and Chairman of the Board of Directors of Entity Labs, Ltd., a technology company in the data collection, storage and analytics space. Mr. Shaheen was the Chief Executive Officer of Siebel Systems, Inc., a customer relationship management software company, from April 2005 until the sale of the company in January 2006. From October 1999 to April 2001, he served as the Chief Executive Officer and Chairman of the Board of Webvan Group, Inc. Prior to joining Webvan Group, Inc., Mr. Shaheen was the Chief Executive Officer and Global Managing Partner of Andersen Consulting, which later became Accenture. Mr. Shaheen currently serves as Chairman of the Board of Korn/Ferry International. He also serves on the boards of 24/7 Customer, Inc., Green Dot Corporation and Marcus & Millichap Inc. He has served as an IT Governor of the World Economic Forum and as a member of the Board of Advisors for the Northwestern University Kellogg Graduate School of Management. He has also served on the Board of Trustees of Bradley University. Mr. Shaheen received a B.S. degree in business and an M.B.A. from Bradley University.

Our Board selected Mr. Shaheen to serve as a director because he has significant experience leading, managing and advising companies. Mr. Shaheen s consulting background gives him keen insight into sales and the customer-based service aspect of the Company s operations. In addition, Mr. Shaheen has expertise on compliance matters as a result of his service on the boards of several private and public technology companies, including service as a chairman and member of the audit and compensation committees of those boards.

STEPHEN M. SMITH has been a member of the Board since May 2016. Since 2007, Mr. Smith has served as the Chief Executive Officer, President and member of the board of directors of Equinix, Inc., a global interconnection and data center company. Prior to joining Equinix, Mr. Smith served as Senior Vice President at HP-Services, a business segment of Hewlett-Packard Co., from January 2005 to October 2006. From September 2003 to January 2005, Mr. Smith served as Vice-President of Global Professional and Managed Services at Lucent Technologies Inc., a communications solutions provider. Prior to joining Lucent Technologies, Mr. Smith spent 17 years with Electronic Data Systems Corporation (EDS), a business and technology solutions company, in a variety of positions, including Chief Sales Officer, President of EDS Asia-Pacific and President of EDS Western Region. Mr. Smith serves on the board of directors of F5 Networks, a public company, and, during the past five years, served as a director of the public company Volterra Semiconductor Corporation. Mr. Smith graduated from the U.S. Military Academy at West Point and holds a B.S. in Engineering.

Our Board selected Mr. Smith to serve as a director because of his executive leadership skills and management experience as a current chief executive officer of a publicly traded company, as well as because of his extensive career history in technology and critical infrastructure companies and his deep technology expertise. Mr. Smith brings a unique understanding of the evolution of IT impacting our customers and current technology trends, all of which qualify him to serve on our Board.

RICHARD P. WALLACE has been a member of the Board since March 2011. Mr. Wallace currently serves as the President and Chief Executive Officer of KLA-Tencor Corporation, a supplier of process control and yield management solutions for semiconductor and related microelectronics industries. He began his career at KLA Instruments in 1988 as an applications engineer and has held various general management positions throughout his 27-year tenure with the company. Mr. Wallace became the CEO of KLA-Tencor in January 2006. Mr. Wallace previously served as a member of the board of directors for Semiconductor Equipment and Materials International

(SEMI), an industry trade association, and previously served as a member of the board of directors for Beckman Coulter from 2009 to 2011. Mr. Wallace earned his B.S. degree in electrical engineering from the University of Michigan and an M.S. degree in engineering management from Santa Clara University.

Our Board selected Mr. Wallace to serve as a director because of his experience as chief executive officer of a publicly traded high-technology company. He brings to the Board more than two decades of experience gained while working at a technology company that has experienced growth. Mr. Wallace offers a unique perspective and expertise that is relevant to leading and advising a growth company. His experience as a board member of another publicly traded company also provides important value and adds to his unique perspective.

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Summary

Our Board has adopted policies and procedures that our Board believes are in the best interests of the Company and its stockholders while being compliant with the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC and the NASDAQ Stock Market, LLC (NASDAQ).

Our Board leadership structure reflects our Company leadership needs and provides effective oversight of Company management and risk management. Nine of our ten directors are independent, including our Chairman of the Board. Within the last six years, the Company has added four new independent directors to our Board.

The operation and functions of the Board are governed by our Corporate Governance Guidelines. In addition, all of the Company s directors, officers, and employees are subject to our Code of Conduct.

Further details on our governance practices are provided in the following sections.

Board Leadership Structure

Our Board does not view any particular leadership structure as preferred and routinely considers the appropriate leadership structure. This consideration includes the pros and cons of alternative leadership structures in light of the Company s operating and governance environment at the time, with the goal of achieving the optimal model for Board leadership and effective oversight of management by our Board.

Our Board currently consists of ten directors, nine of whom are independent. Our only management director is Mr. Kurian, our Chief Executive Officer. Mr. Nevens, an independent director, holds the role of Chairman of the Board. The Board believes this structure benefits the Board and the Company by enabling the Chief Executive Officer to focus on operational and strategic matters while enabling the Chairman to focus on Board and governance matters, including, among other things, the creation of long-term stockholder value and long range strategic planning.

As described in more detail below, our Board of Directors has three standing committees, each of which is composed solely of independent directors and chaired by an independent director. Our Board delegates substantial responsibility to each Board committee, which regularly reports its activities and actions back to the Board. We believe that our independent Board committees and their respective chairs are an important aspect of our Board leadership structure.

Corporate Governance Guidelines

Our Board has adopted a formal set of Corporate Governance Guidelines concerning various issues related to Board membership, structure, function and processes; Board committees; leadership development, including succession planning; oversight of risk management; and our ethics helpline. A copy of the Corporate Governance Guidelines is available on our website at http://investors.netapp.com/corporate-governance.cfm.

Risk Oversight

Our Board, as a whole and through its committees, has responsibility for the oversight of risk management. With the oversight of our Board, our executive officers are responsible for the day-to-day management of the material risks the Company faces. In its oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by our executive officers are adequate and functioning as designed. The involvement of our Board in setting our long-term business strategy is a key part of our Board s oversight of risk management and allows our Board to assess and determine what constitutes an appropriate level of risk for the Company and review and consider management s role in risk management. Our Board regularly receives updates from management and outside advisors regarding material risks the Company faces.

Each committee of our Board oversees specific aspects of risk management. For example, our Audit Committee oversees overall integrity of our financial statements, accounting and auditing matters and our compliance with legal, regulatory and public disclosure requirements; our Compensation Committee oversees the management risks associated with succession planning and the relationship between our compensation policies and programs; and our Corporate Governance and Nominating Committee oversees the management of risks associated with director independence, conflicts of interest, board composition and organization, and director succession planning. Our committees regularly report their findings to our Board.

Other than when our Board or a committee of our Board meets in executive session, senior management attends all meetings of our Board and its committees and is available to address questions raised by directors with respect to risk management and other matters.

Succession Planning

The Board plans for succession to the position of CEO and other senior management positions to help ensure continuity of leadership. To assist the Board in this effort, the CEO provides the Board with an assessment of other executives and their potential as a suitable successor. The CEO also provides the Board with an assessment of individuals considered to be potential successors to certain other senior management positions. The Board discusses and evaluates these assessments, including in private sessions, and provides feedback to the CEO. Specifically, in February 2017, the Board, including Mr. Kurian, reviewed and assessed the Company s executive-level talent, with a focus on their potential to deliver on the Company s strategy and long-term plan, and discussed strategies for addressing gaps. Management is responsible for developing retention and development plans for potential successors and periodic progress reports and reviews are provided to the Board.

Independent Directors

A majority of our Board is composed of independent directors, as defined in the applicable laws and regulations of the SEC and the Listing Rules of NASDAQ. The independent directors regularly meet in executive session, without management, as part of the normal agenda of our Board meetings. Our Chairman, Mr. Nevens, is a nonemployee director and is independent (as defined by the NASDAQ Listing Rules).

Committees of the Board of Directors

Our Board of Directors maintains three standing committees and has adopted a charter for each that meets applicable NASDAQ rules. Charters are reviewed by their respective committees annually and are available at http://investors.netapp.com/corporate-governance.cfm.

Corporate Governance and Nominating Committee

The responsibilities of the committee include:

Review of matters concerning corporate governance and providing recommendations to the Board

- Review of composition of the Board of Directors and its committees and providing recommendations to the Board
- Evaluation of the performance of the Board and director compensation
- Review of conflicts of interest of members of the Board and corporate officers
- Review and approval of related person transactions
- Oversight and management of risks associated with director independence, conflicts of interest, board composition and organization, and director succession planning

All of the members of the Corporate Governance and Nominating Committee meet the applicable requirements for independence from Company management.

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Compensation Committee

The responsibilities of the committee include:

- Review of the Company s overall compensation and benefits philosophy and strategy and advising the Company s management
- Evaluation and approval of the compensation policies, plans and programs for our Chief Executive Officer, other executive officers and nonemployee directors, and determination of compensation in accordance with the Compensation Committee charter
- Review and approval of our incentive compensation plans in accordance with the Compensation Committee charter
- In accordance with NASDAQ rules, review and assessment of the independence of any compensation consultant, legal counsel or other advisor that provides advice to the Compensation Committee

All of the members of the Compensation Committee meet the applicable requirements for independence as defined by applicable NASDAQ and Internal Revenue Service rules.

Audit Committee

The responsibilities of the committee include:

- Appointment, compensation, retention, termination and oversight of the work of the Company s independent registered public accounting firm, Deloitte & Touche LLP, which reports directly to the Audit Committee
- Oversight of the integrity of the Company s financial statements and integrity of the Company s internal controls
- Oversight of the quality of the internal audit function of the Company, which reports directly to the Audit Committee
- Establishment of policies and procedures that are consistent with the SEC and NASDAQ requirements for auditor independence

All of the members of the Audit Committee meet the applicable requirements for independence from Company management and requirements for financial literacy. Each member of the Audit Committee has the requisite financial management expertise.

Director Selection

Our Board has adopted guidelines for the identification, evaluation and nomination of candidates for director.

To assist with director nominations, our Board has assigned the Corporate Governance and Nominating Committee responsibility for reviewing and recommending nominees to our Board. Although there are no specific minimum qualifications for director nominees, the ideal candidate should have the highest professional and personal ethics and values, and broad experience at the policy-making level in business, government, education, technology, or public service. In evaluating the suitability of a particular director nominee, our Board considers a broad range of factors, including, without limitation, diversity of business experience, professional expertise, length of service, character, integrity, judgment, independence, diversity (including with respect to race and gender), age, skills, education, understanding of the Company s business, and other commitments. In addition, our Corporate Governance and Nominating Committee may also consider such other factors as it may deem, from time to time, are in our and our stockholders best interests.

The Corporate Governance and Nominating Committee makes an effort to ensure that our Board s composition reflects a broad diversity of experience, professions, skills, viewpoints, geographic representation, personal traits and backgrounds. Additionally, although we have no formal policy with respect to diversity, due to the global and complex nature of our business, our Board believes it is important to identify otherwise qualified candidates who would increase our Board s racial, ethnic, gender and/or cultural diversity. No specific weights are assigned to particular criteria, and the Corporate Governance and Nominating Committee does not believe that any specific criterion is necessarily applicable to all prospective nominees. When the Corporate Governance and Nominating Committee reviews a potential new candidate, it looks specifically at the candidate s qualifications in light of the needs of our Board at that time, given the then-current mix of director attributes. With respect to the nomination of continuing directors for re-election, each continuing director s past contributions to our Board are also considered.

In the case of new director candidates, the Corporate Governance and Nominating Committee reviews whether the nominee is independent for NASDAQ purposes and recommends a determination to the Board, which determination is based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Corporate Governance and Nominating Committee generally relies on a variety of resources to compile a list of potential candidates, including, among other things and depending upon the circumstances, its network of contacts, searches of corporate, academic and government environments and resources, and, when appropriate, a professional search firm. We believe utilizing such a broad variety of resources furthers our Board s goal of ensuring the identification and consideration of a diverse range of qualified candidates, including, without limitation, women and minority candidates. After considering the function and needs of our Board, the Corporate Governance and Nominating Committee conducts appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates. The Corporate Governance and Nominating Committee meets to discuss and consider such candidates qualifications and then selects a nominee for recommendation to our Board by majority vote.

If the Corporate Governance and Nominating Committee determines that it wants to identify new independent director candidates for Board membership, it is authorized to retain and to approve the fees of third-party executive search firms to help determine the skills and qualifications that would best complement our Board and identify prospective director nominees.

The Corporate Governance and Nominating Committee uses the same process for evaluating all nominees, regardless of the source of the nomination. In 2016, the Corporate Governance and Nominating Committee retained the services of an executive search firm to assist it in identifying new candidates to join the Board.

A stockholder who desires to recommend a candidate for election to our Board must direct the recommendation in writing to NetApp, Inc., 495 East Java Drive, Sunnyvale, California 94089, Attention: Corporate Secretary and must include the same information required by the Company s bylaws in connection with the nomination of a director of our Board, including, without limitation, the candidate s name; home and business contact information; detailed biographical data and qualifications; information regarding any relationships between the candidate and the Company within the last three years; evidence of the nominating person s ownership of Company stock; and a written statement that, if nominated, such candidate will tender an irrevocable advance resignation in accordance with the Company s Corporate Governance Guidelines.

Meetings and Committees of our Board of Directors

Our Board held six meetings and also acted by written consent during fiscal 2017. During fiscal 2017, each member of our Board attended at least 78% of the aggregate of (1) the total number of meetings of our Board held during fiscal 2017; and (2) the total number of meetings held by all Board committees on which such director served, in each case covering the periods of fiscal 2017 during which such director served on our Board or such committees, as applicable. Four out of the ten directors then serving attended all meetings of our Board and all meetings of their respective committees during fiscal 2017.

There are no family relationships among executive officers, directors or nominees of the Company. Our Board currently has three standing committees, each of which is composed of entirely of independent directors, and each of which operates under a charter approved by our Board: the Audit Committee, the Corporate Governance and Nominating Committee, and the Compensation Committee.

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The members of the committees as of the date of this Proxy Statement are identified in the following table:

Director	Audit	Compensation	Corporate Governance and Nominating
T. Michael Nevens			Chair
Jeffry R. Allen			
Alan L. Earhart	Chair		
Gerald Held			
Kathryn M. Hill			
George T. Shaheen			
Stephen M. Smith			
Robert T. Wall		Chair	
Richard P. Wallace			

All members of the Audit Committee are independent in accordance with the applicable laws and regulations of the SEC and the Listing Rules of NASDAQ. Our Board has determined that Messrs. Earhart and Allen each qualify as an audit committee financial expert under the rules and regulations of the SEC. The Audit Committee reviews, acts on and reports to our Board with respect to various auditing and accounting matters, including the selection of the

Company s independent registered public accounting firm, the scope of the annual audits, fees to be paid to the independent registered public accounting firm, the performance of the Company s independent registered public accounting firm, the accounting practices of the Company and other such functions as detailed in the Audit Committee Charter, which can be found on the Company s website at http://investors.netapp.com/corporate-governance.cfm. The Audit Committee held eleven meetings during fiscal 2017.

All members of the Compensation Committee are independent in accordance with the applicable laws and regulations of the SEC and the Listing Rules of NASDAQ, and qualify as an outside director within the meaning of Section 162(m) of the Internal Revenue Code, as amended. The Compensation Committee establishes salaries, incentive compensation programs, and other forms of compensation for our officers and non-employee directors; creates the compensation guidelines under which management establishes salaries for non-officers and other employees of the Company; and administers the incentive compensation and benefit plans of the Company. In carrying out its responsibilities, the Compensation Committee reviews, at least annually, the compensation for the Chief Executive Officer, all executive vice presidents, all senior vice presidents and non-employee directors, the corporate goals relevant to compensation, and our executive and leadership development policies. The functions of the Compensation Committee are detailed in the Compensation Committee Charter, which can be found on the Company s website at http://investors.netapp.com/corporate-governance.cfm. The Compensation Committee meets regularly with its outside advisors independently of management. The Compensation Committee held seven meetings during fiscal 2017.

All members of the Corporate Governance and Nominating Committee are independent in accordance with the applicable laws and regulations of the SEC and the Listing Rules of NASDAQ. The Corporate Governance and Nominating Committee evaluates and recommends to our Board candidates for Board membership and considers nominees recommended by stockholders who satisfy the conditions described above under *Corporate Governance Director Selection.* The Corporate Governance and Nominating Committee also develops and recommends corporate governance policies and other governance guidelines and procedures to our Board. The functions of the Corporate Governance and Nominating Committee are detailed in the Corporate Governance and

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Nominating Committee Charter, which can be found on the Company s website at http://investors.netapp.com/corporate-governance.cfm. The Corporate Governance and Nominating Committee held three meetings during fiscal 2017.

Stockholder Meeting Attendance for Directors

While we do not have a formal policy for director attendance at our annual meetings, historically they have been scheduled on the same day as a Board of Directors meeting and were attended by the directors. In 2016, all of the directors then serving attended the 2016 Annual Meeting of Stockholders (the 2016 Annual Meeting) in person.

Code of Conduct

The Company has adopted a Code of Conduct that includes a conflict of interest policy that applies to all directors, officers and employees. All employees are required to affirm in writing their understanding and acceptance of the Code of Conduct.

The Code of Conduct is posted on the Company s website at: http://investors.netapp.com/corporate-governance.cfm. The Company will post any amendments to or waivers of the provisions of the Code of Conduct on its website.

Political Contributions Policy

The Company s Political Contributions Policy and its Code of Conduct prohibit political contributions of any kind, by or on behalf of the Company. Our Code of Conduct also requires advance approval of any donation of NetApp assets or funds. We believe this provides an additional measure of oversight in enforcing our policy against Company political contributions.

Personal Loans to Executive Officers and Directors

The Company does not provide personal loans or extend credit to any executive officer or director.

Stockholder Communications Policy

Stockholders may contact any of the Company s directors by writing to them c/o NetApp, Inc., 495 East Java Drive, Sunnyvale, California 94089, Attn: Corporate Secretary. Employees and others who wish to contact our Board or any member of the Audit Committee to report questionable practices may do so anonymously by using this address and designating the communication as confidential.

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The Compensation Committee evaluates the compensation and form of compensation for nonemployee directors annually. As a part of this process, the Compensation Committee reviews general market data for director compensation as well as director compensation data from the Company s peer group, including cash compensation, equity compensation and stock ownership requirements. Non-employee director compensation is periodically adjusted to maintain alignment with market and peer director pay practices. Nonemployee directors receive annual cash retainers as well as equity awards for their service on our Board. Details of the compensation are discussed in the narrative below. Employee directors do not receive any compensation for their services as members of our Board.

Director Compensation Table

The table below summarizes the total compensation paid by the Company to our directors for fiscal 2017.

Name	**Fees Earned or Paid in Cash ($)(1)**	**Restricted Stock Units ($)(2)**	**Option Awards ($)(3)**	**Nonequity Incentive Plan Compensation ($)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)**	**Total ($)**
T. Michael Nevens	180,000	249,976					429,976
Jeffry R. Allen	80,000	249,976				12,000(4)	341,976
Alan L. Earhart	120,000	249,976					369,976
Gerald Held	75,000	249,976					324,976
Kathryn M. Hill	77,292	249,976					327,268
George T. Shaheen	75,000	249,976					324,976
Stephen M. Smith	68,810	374,973					443,783
Robert T. Wall	107,500	249,976					357,476
Richard P. Wallace	75,000	249,976					324,976
George Kurian (5)							

(1) The amounts in this column represent compensation that was earned in fiscal 2017. Our Board year does not correspond with our fiscal year. Our Board year begins on the date of each annual meeting and runs until the next annual meeting. Board fees are paid at the beginning of each quarter of the Board year. A portion of the fees earned during the first quarter of fiscal 2017 were paid in the last quarter of fiscal 2016 and are included in

this table. A portion of the fees earned during the first quarter of fiscal 2018 were paid in the last quarter of fiscal 2017 and are not included in this table.

(2) The amounts reported represent the grant date fair value of time-based restricted stock unit (RSU) awards to the director under the Company s Amended and Restated 1999 Stock Option Plan and are computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC 718). Assumptions used in the valuations of these awards are included in Note 11 of the Annual Report. These amounts do not necessarily represent the actual value that may be realized by the nonemployee director.

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(3) The table below sets forth the number of shares of common stock subject to outstanding options and RSUs (including RSUs for which the payout of shares has been deferred by such director) held by the nonemployee directors as of April 28, 2017:

Name	# of Outstanding Options (in Shares)	# of RSUs (in Shares)	Total Equity Awards Outstanding
T. Michael Nevens	42,831	7,132	49,963
Jeffry R. Allen	69,914	7,132	77,046
Alan L. Earhart	16,416	15,048	31,464
Gerald Held	46,916	39,158	86,074
Kathryn M. Hill	26,997	7,132	34,129
George T. Shaheen	56,916	23,826	80,742
Stephen M. Smith		7,132	7,132
Robert T. Wall	76,416	9,988	86,404
Richard P. Wallace	84,331	30,136	114,467

(4) The amount represents a reimbursement for fees and taxes incurred by Mr. Allen as a result of an administrative error by a Company vendor that impacted his deferred compensation.

(5) During fiscal 2017, Mr. Kurian served as our Chief Executive Officer, President and a member of the Board. Mr. Kurian did not receive any additional compensation for serving on our Board. For more information on Mr. Kurian s compensation as our Chief Executive Officer and President, please see the *Executive Compensation and Related Information Summary Compensation Table* below.

Summary of Director Compensation Policy

The following table sets forth a summary of our total compensation policy for our nonemployee directors as of the end of fiscal 2017:

Position	Annual Cash Retainer ($)	Equity Grants ($)
Board of Directors		
Lead Independent Director/Chairman	135,000	250,000
Board Member (other than Lead Independent Director/Chairman)	60,000	250,000
Audit Committee		
Chairperson	50,000	
Member	20,000	
Compensation Committee		
Chairperson	37,500	
Member	15,000	
Corporate Governance and Nominating Committee		
Chairperson	25,000	

Member	10,000

In May 2016, in accordance with its annual practice, the Compensation Committee evaluated the compensation for nonemployee directors, including benchmarking the directors cash and equity compensation against our Compensation Practices Peer Group (as disclosed on page 38 of this Proxy Statement) modified to exclude Microsoft, IBM, Oracle, Hewlett-Packard, and CommVault, since each of these companies is substantially different in size from NetApp). The Committee determined, with the assistance of its independent advisor, that the total compensation for our nonemployee directors was within an acceptable competitive range, and that no changes to the compensation arrangements were warranted with commencement at the 2016 Annual Meeting.

Our nonemployee directors receive automatic annual equity grants under the Automatic Award Program of the 1999 Plan pursuant to an outside director compensation policy adopted by our Board and the Compensation Committee, which may be revised from time to time as our Board or the Compensation Committee deems appropriate. Starting in fiscal 2016, all nonemployee director automatic annual equity grants will be in the form of RSUs.

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Following the 2016 Annual Meeting of Stockholders, each of the individuals re-elected as a nonemployee director received a number of RSUs as indicated in the table below with respect to their automatic annual equity awards. Mr. Smith also received a grant in May of 2016 in connection with joining the Board.

Name	RSUs	Stock Option Grants (in Shares)	Stock Option Exercise Price ($)	Grant Date
T. Michael Nevens	7,132			September 15, 2016
Jeffry R. Allen	7,132			September 15, 2016
Alan L. Earhart	7,132			September 15, 2016
Gerald Held	7,132			September 15, 2016
Kathryn M. Hill	7,132			September 15, 2016
George T. Shaheen	7,132			September 15, 2016
Stephen M. Smith	4,898			May 25, 2016
Stephen M. Smith	7,132			September 15, 2016
Robert T. Wall	7,132			September 15, 2016
Richard P. Wallace	7,132			September 15, 2016

A newly elected or appointed nonemployee director receives a pro-rated grant of RSUs upon his or her first election or appointment to the Board with a value of $250,000 (if such election or appointment occurs before February of the applicable year) or with a value of $125,000 (if such election or appointment occurs after February of the applicable year).

Equity awards for nonemployee directors are represented as a dollar value. For these purposes, the value of any awards of RSUs will equal the product of (1) the fair market value of one share of common stock on the grant date of such award and (2) the aggregate number of RSUs. With respect to stock options, the value is determined by using the Black-Scholes option valuation methodology, or such other methodology our Board or the Compensation Committee may determine, on the grant date of the option.

Each nonemployee director is also eligible to receive an annual cash retainer for his or her Board and committee service, pursuant to the terms of the outside director compensation policy. The Compensation Committee has approved a deferral program for our nonemployee directors, which allows each nonemployee director to elect to defer the receipt of his or her annual cash retainer until a later date in accordance with applicable tax laws. Additionally, for any automatic equity grant in the form of RSUs, the director may be permitted to elect in accordance with federal tax laws when he or she will receive payout from his or her vested RSUs and defer income taxation until the award is paid. In connection with this deferral, a director may elect to receive payout within 30 days of the earliest of: (1) if the director so specifies, a specified date that is no earlier than January 1 of the second calendar year immediately following the date on which the RSUs vested; (2) the date the director ceases to serve as a director for any reason (in accordance with Section 409A of the Internal Revenue Code of 1986, as amended and the regulations thereunder); and (3) the date on which a Change of Control occurs. If the director does not specify a date per (1) above, then the RSUs shall be paid out upon the earlier to occur of (2) and (3) above. For the definition of Change of Control , please see *Termination of Employment and Change of Control Agreements Definitions Contained in Change of Control Severance Agreement* below. An election to defer the payout of vested RSUs is not intended to increase the value of the payout to the nonemployee director, but rather to give the nonemployee director the flexibility to decide when he or she will be subject to taxation with respect to the award. Any election to defer payment of any vested RSUs will not alter the other terms of the award, including the vesting requirements.

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To the Company s knowledge, the following table sets forth certain information regarding beneficial ownership of the Company s common stock as of July 17, 2017 by (1) each person or entity who is known by the Company to own beneficially more than 5% of the Company s common stock; (2) each of the Company s directors and nominees for director; (3) each of the Company s executive officers set forth in the Summary Compensation Table; and (4) all of the Company s current directors and executive officers as a group.

Except as indicated, the address of the beneficial owners is c/o NetApp, Inc., 495 East Java Drive, Sunnyvale, California 94089. Information related to holders of more than 5% of the Company s common stock was obtained from filings with the SEC pursuant to Sections 13(d) or 13(g) of the Exchange Act.

Name of Beneficial Owners	**Number of Shares Beneficially Owned+**	**Percentage of Class(1)**
PRIMECAP Management Company(2) 177 E. Colorado Blvd, 11th Floor Pasadena, CA 91105	41,682,076	15.4%
The Vanguard Group(3) 100 Vanguard Boulevard Malvern, PA 19355	26,111,177	9.7%
Dodge & Cox(4) 555 California Street, 40th Floor San Francisco, CA 94104	23,029,321	8.5%
BlackRock, Inc.(5) 55 East 52nd Street New York, NY 10055	20,449,157	7.6%
Vanguard Chester Funds Vanguard Primecap Fund(6) 100 Vanguard Boulevard Malvern, PA 19355	14,104,800	5.2%
Invesco Ltd.(7) 1555 Peachtree Street NE, Suite 1800 Atlanta, GA 30309	11,158,366	4.1%
George Kurian(8)	307,598	*
Ronald J. Pasek(9)	16,341	*
Joel D. Reich(10)	62,180	*
Henri P. Richard(11)	21,764	*

Matthew K. Fawcett(12)	218,385	*
Jeffry R. Allen(13)	71,612	*
Alan L. Earhart(14)	37,153	*
Gerald Held(15)	86,333	*
Kathryn M. Hill(16)	47,757	*
T. Michael Nevens(17)	63,801	*
George T. Shaheen(18)	85,208	*
Stephen M. Smith(19)	12,030	*
Robert T. Wall(20)	122,452	*
Richard P. Wallace(21)	114,467	*
All current directors and executive officers as a group (14 persons)(22)	1,267,081	*

* Less than 1%

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+ Pursuant to our outside director compensation policy, options to purchase shares of our common stock held by our nonemployee directors are early exercisable. Shares issued upon early exercise of stock options remain subject to the same vesting schedule applicable to the exercised stock options. If a nonemployee director ceases to provide services to us prior to the date on which all such shares have vested, we have a right to repurchase any unvested shares at the exercise price paid per share.

(1) Percentage of Class is based on 270,438,848 shares of common stock outstanding on July 17, 2017. Shares of common stock subject to stock options and RSUs that are currently exercisable or will become exercisable or issuable within 60 days of July 17, 2017 are deemed outstanding for computing the percentage of the person or group holding such options and/or RSUs, but are not deemed outstanding for computing the percentage of any other person or group. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

(2) Information concerning stock ownership was obtained from Amendment No. 3 to the Schedule 13G filed with the SEC on February 9, 2017 by PRIMECAP Management Company reported sole voting power with respect to 13,195,501 of such shares of common stock and sole dispositive power with respect to all 41,682,076 shares of common stock.

(3) Information concerning stock ownership was obtained from Amendment No. 2 to the Schedule 13G filed with the SEC on February 10, 2017. The Vanguard Group reported sole voting power with respect to 443,377 of such shares of common stock and sole dispositive power with respect to 25,619,390 of such shares of common stock.

(4) Information concerning stock ownership was obtained from Amendment No. 6 to the Schedule 13G filed with the SEC on March 20, 2017. Dodge & Cox reported sole voting power with respect to 21,612,121 of such shares of common stock and sole dispositive power with respect to 23,029,321 shares of common stock.

(5) Information concerning stock ownership was obtained from Amendment No. 5 to the Schedule 13G filed with the SEC on January 25, 2017 by BlackRock Inc. BlackRock reported sole voting power with respect to 17,147,638 of such shares of common stock and sole dispositive power with respect to 20,391,698 shares of common stock.

(6) Information concerning stock ownership was obtained from the Schedule 13G filed with the SEC on February 13, 2017 by Vanguard Chester Funds Vanguard Primecap Fund. Vanguard Chester Funds Vanguard Primecap Fund reported sole voting power with respect to 14,104,800 of such shares of common stock.

(7) Information concerning stock ownership was obtained from the Schedule 13G filed with the SEC on February 1, 2017. Invesco Ltd. reported sole voting power with respect to 10,556,687 of such shares of common stock and sole dispositive power with respect to all 11,158,366 shares of common stock.

(8) Consists of (i) 31,598 shares of common stock held of record by Mr. Kurian; and (ii) 276,000 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which 267,800 shares were fully vested as of such date.

(9) Consists of 16,341 shares of common stock held of record by Mr. Pasek.

(10) Consists of (i) 2,272 shares of common stock held of record by Mr. Reich; and (ii) 59,908 shares of common stock issuable to Mr. Reich upon exercise of outstanding stock options exercisable within 60 days of July 17, 2017, of which 58,166 shares were fully vested as of such date.

(11) Consists of 21,764 shares of common stock held of record by Henri Richard and Gay Richard *JTWROS*.

(12) Consists of (i) 2,117 shares of common stock held of record by Mr. Fawcett; and (ii) 216,268 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which 213,972 shares were fully vested as of such date.

(13) Consists of (i) 14,566 shares of common stock held of record by Jeffry R. Allen and Teri Allen, as Trustees of the Jeffry and Teri Allen Revocable Trust dated 1/29/2002; (ii) 49,914 shares of common stock issuable

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upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which all were fully vested as of such date; and (iii) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017. Mr. Allen has shared voting and investment power with respect to the shares held of record by Jeffry R. Allen and Teri Allen, as Trustees of the Jeffry and Teri Allen Revocable Trust dated 1/29/2002.

(14) Consists of (i) 5,689 shares of common stock held of record by Mr. Earhart; (ii) 16,416 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, all of which were fully vested as of such date; and (iii) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017; and (iv) 7,916 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017 and for which payout has been deferred by Mr. Earhart. The RSUs for which Mr. Earhart has elected to defer payout shall be paid out within 30 days of the earlier of the date his service on the Board ceases for any reason or the date on which a Change of Control occurs. For the definition of Change of Control please see *Termination of Employment and Change of Control Agreements Definitions Contained in Change of Control Severance Agreement* below.

(15) Consists of (i) 259 shares of common stock held of record by Mr. Held; (ii) 46,916 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which all were fully vested as of such date; (iii) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017; and (iv) 32,026 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017 and for which payout has been deferred by Mr. Held. The RSUs for which Mr. Held has elected to defer payout shall be paid out within 30 days of the earlier of the date his service on the Board ceases for any reason or the date on which a Change of Control occurs. For the definition of Change of Control please see *Termination of Employment and Change of Control Agreements Definitions Contained in Change of Control Severance Agreement* below.

(16) Consists of (i) 13,628 shares of common stock held of record by Kathryn Hill Trustee of the Kathryn Hill 2007 Trust U/A/D 1/10/2007 Reserve Account; (ii) 26,997 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which all were fully vested as of such date; and (iii) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017.

(17) Consists of (i) 13,838 shares of common stock held of record by The Nevens Family 1997 Trust; (ii) 42,831 shares of common stock issuable to Mr. Nevens upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which all were fully vested as of such date; and (iii) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017.

(18) Consists of (i) 4,466 shares of common stock held of record by George T. Shaheen and Darlene F. Shaheen, as Trustees to the Shaheen Revocable Trust U/A DTD 12/15/88; (ii) 16,694 shares of common stock issuable upon the payout of RSUs that are vested as of July 17, 2017 but for which Mr. Shaheen has elected to defer payout; (iii) 56,916 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which all were fully vested as of such date; and (iv) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017 for which Mr. Shaheen has elected to

defer the release. The RSUs for which Mr. Shaheen has elected to defer payout shall be paid out within 30 days of the earlier of the date his service on the Board ceases for any reason or the date on which a Change of Control occurs. For the definition of Change of Control please see *Termination of Employment and Change of Control Agreements Definitions Contained in Change of Control Severance Agreement* below. Mr. Shaheen has shared voting and investment power with respect to the shares held of record by George T. Shaheen and Darlene F. Shaheen, as Trustees to the Shaheen Revocable Trust U/A DTD 12/15/88.

(19) Consists of (i) 4,898 shares of common stock held of record by the Stephen Smith & Sandra Smith Trust UAD 9/13/2019; and (ii) 7,132 shares of common stock issuable to Mr. Smith upon the vesting of RSUs within 60 days of July 17, 2017.

(20) Consists of (i) 36,048 shares of common stock held of record by Mr. Wall; and (ii) 2,856 shares of common stock issuable upon the payout of RSUs that are vested as of July 17, 2017 but for which Mr. Wall has

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elected to defer payout; (iii) 76,416 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which all were fully vested as of such date; and (iv) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017 The RSUs for which Mr. Wall has elected to defer payout shall be paid out within 30 days of the earlier of the date his service on the Board ceases for any reason or the date on which a Change of Control occurs. For the definition of Change of Control please see *Termination of Employment and Change of Control Agreements Definitions Contained in Change of Control Severance Agreement* below.

(21) Consists of (i) 23,004 shares of common stock issuable to Mr. Wallace upon the payout of RSUs that are vested as of July 17, 2017 but for which Mr. Wallace has elected to defer payout; (ii) 84,331 shares of common stock issuable upon exercise of outstanding options exercisable within 60 days of July 17, 2017, of which all were fully vested as of such date; and (iii) 7,132 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017. The RSUs for which Mr. Wallace has elected to defer payout shall be paid out within 30 days of the earlier of the date his service on the Board ceases for any reason or the date on which a Change of Control occurs. For the definition of Change of Control please see *Termination of Employment and Change of Control Agreements Definitions Contained in Change of Control Severance Agreement* below.

(22) Consists of (i) 167,484 shares of common stock held of record by our current directors and executive officers; (ii) 82,496 shares of common stock issuable upon the payout of RSUs that are vested as of July 17, 2017 but for which have been elected to be deferred for payout; (iii) 952,913 shares of common stock issuable upon the exercise of outstanding options held by our directors and exercisable within 60 days of July 17, 2017, of which 940,675 were fully vested as of such date; (iv) 57,056 shares of common stock issuable upon the vesting of RSUs within 60 days of July 17, 2017; and (v) 7,132 shares of common stock issuable to our directors upon the vesting of RSUs within 60 days of July 17, 2017 and for which payout has been deferred.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company s directors and executive officers and persons who own more than 10% of a registered class of the Company s equity securities to file with the SEC initial reports of ownership and reports of changes in their ownership of common stock and other equity securities of the Company. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the review of the copies of such reports furnished to the Company and written representations that no other reports were required, the Company believes that during fiscal 2017, its executive officers, directors and greater than 10% stockholders complied with all Section 16 filing requirements.

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This Compensation Discussion and Analysis (CD&A) provides information on our executive compensation program and our compensation philosophy for our named executive officers (NEOs), who in fiscal 2017 were:

- George Kurian, Chief Executive Officer and President
- Ronald J. Pasek, Executive Vice President and Chief Financial Officer
- Joel D. Reich, Executive Vice President, Product Operations
- Henri Richard, Executive Vice President, Worldwide Field and Customer Operations
- Matthew K. Fawcett, Senior Vice President, General Counsel and Secretary

The Board has delegated to the Compensation Committee sole authority and responsibility for establishing and overseeing salaries, incentive compensation programs, and other forms of compensation for our executive officers, general remuneration policies for the balance of our employee population and for overseeing and administering our equity incentive and benefits plans.

Business Overview and Program Highlights

Fiscal 2017 Company Performance

In fiscal 2017, the Company continued its focus on pivoting to the growth areas of the markets while reducing the cost structure of the business. By innovating to redefine traditional markets, bring enterprise-grade technology to emerging areas of the market, and meet the evolving needs of our growing customer base, we are creating new opportunities for NetApp, gaining market share, and expanding our addressable market. This intense focus helped us to systematically improve our execution and drive efficiency through the business and, ultimately, meet or beat our corporate goals.

- Our Strategic solutions, which represent our pivot to the growth areas of the market, are aligned to our customers top IT imperatives and position us to lead in the new era of IT. In fiscal 2017, these solutions grew to 66% of net product revenue and grew at a rate of 17% from fiscal 2016. As planned, headwinds from our Mature solutions lessened over the course of the year. The combination of these two dynamics yielded positive growth of product revenue for the year. Strategic solutions include Clustered ONTAP, branded E-Series, SolidFire, AltaVault and optional add-on software products. Mature solutions include 7-mode ONTAP, add-on hardware and related operating system (OS) software and original equipment manufacturers (OEM) products.

Our All-Flash Array business grew rapidly in fiscal 2017, outpacing the growth of the market. The annualized net revenue run rate of our All-Flash Array business was $1.7 billion, based on our Q4 fiscal 2017 results. We moved from the #5 position in the All-Flash Array market in calendar year 2015 to the #2 position in calendar year 2016, as measured by IDC.

Exiting fiscal 2017, the transition from our legacy 7-mode ONTAP operating system to Clustered ONTAP was largely behind us. Almost half of the systems and more than half of the capacity in our installed base are now running Clustered ONTAP. Additionally, 95% of the FAS systems shipped in Q4 fiscal 2017 were shipped with Clustered ONTAP.

Late in fiscal 2016, we acquired SolidFire, Inc., which enhanced our ability to deliver solutions for the Next-Generation Data Center. In fiscal 2017, SolidFire revenue performance was in line with the expectations we laid out at the time of acquisition and SolidFire was significantly less dilutive to our overall operating results than we expected. Additionally, in early fiscal 2018, we announced the development of a hyper-converged solution based on SolidFire innovation that is expected to be available in calendar Q4 2017.

In fiscal 2017, we took necessary actions to lower our cost structure and improve alignment of our resources to our strategy. We committed to reducing our cost structure across both cost of sales and operating expenses. We overachieved on this goal with an annualized net run rate savings of approximately $140 million versus our goal of $130 million.

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The combination of revenue improvement and cost rationalization enabled NetApp to improve Non-GAAP operating margin[3] to 17.2% of revenue in fiscal 2017, from 13.5% of revenue in fiscal 2016. Additionally, we grew GAAP EPS by 134% and Non-GAAP EPS by 28% from fiscal 2016.

Our performance is reflected in our total stockholder return as shown in the table below:

Annualized Total Stockholder Return		
	Year-Over-Year (%)	3-Year (%)
	Fiscal 2016 vs. Fiscal 2017	Fiscal 2015 Fiscal 2017
NetApp, Inc.	**72%**	**16%**
S&P 500 Information Technology Index	**35%**	**33%**
S&P 500 Index	**18%**	**18%**

Fiscal 2017 Financial Performance

Below is a brief summary of our financial performance for fiscal 2017 compared to fiscal 2016:

Financial Performance	Fiscal 2016	Fiscal 2017	Change
Net revenues	**$5.55 billion**	**$5.51 billion**	**-0.5%**
Non-GAAP gross margin[3]	**62.5%**	**62.3%**	**-0.2 p.p.**
Non-GAAP operating margin[3]	**13.5%**	**17.2%**	**3.7 p.p.**
Cash flows from operations	**$974 million**	**$986 million**	**1.2%**

Additionally, during fiscal 2017, we continued our commitment to quarterly cash dividends of $0.19 per share and paid stockholders an aggregate of $208 million in cash dividends. We repurchased and retired 22 million shares of our common stock for an aggregate of $913 million, bringing our total cash returned to stockholders to approximately $1.12 billion in fiscal 2017. We closed fiscal 2017 with $4.92 billion in cash and short-term investments.

Fiscal 2017 Executive Compensation Principles

The Compensation Committee s objectives for our executive compensation programs are:

- Drive long-term stock price appreciation by linking a meaningful portion of executive compensation to financial and non-financial measures that will drive or reflect the creation of stockholder value;
- Help recruit, reward and retain experienced and highly qualified executives given the competitive labor environment in which the Company competes for such talent; and
- Motivate our executives to perform to the best of their abilities while holding them accountable for business results, particularly in their areas of their individual responsibility, and for obtaining those results ethically.

In accordance with our program objectives, the Compensation Committee took the following key actions with respect to executive compensation in fiscal 2017:

- *Executive Incentive Compensation Plan Redesign*. Introduced an individual performance metric for cash awards under the Executive Incentive Compensation Plan to motivate the executives to achieve certain individual and Company priorities while also continuing to emphasize corporate revenue and operating profit;

[3] A reconciliation of non-GAAP to GAAP results can be found in Annex A.

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Executive Cash Incentive Compensation Plan Payout. Approved awards from the Executive Incentive Compensation Plan to the NEOs ranging from 129% to 137% of target awards.

Long-term Stock Based Incentive Compensation. Approved, shortly after the end of fiscal 2017, (1) the attainment of 103% of the target number of Performance-Based RSUs (PBRSUs) by Messrs. Reich and Fawcett for the performance period beginning on April 27, 2015 and ending on April 28, 2017, based on the Company s total stockholder return (TSR) exceeding the benchmark over that period by 0.2% and (2) the attainment of 110% of target number of PBRSUs by Mr. Kurian for the performance period beginning on June 1, 2015 ending on April 28, 2017, based on the Company s TSR exceeding the benchmark over that period by 3.0%. The difference in performance periods is due to Mr. Kurian s promotion to CEO in June 2015. Messrs. Pasek and Richard did not receive PBRSUs in 2015 because they were not employees at that time.

The Compensation Committee believes that through these actions, the relationship between pay and performance and the alignment between executive and stockholder interests were further strengthened.

Alignment of Performance and Compensation

As evidenced by the actions described above, the Compensation Committee has a strong commitment to aligning performance and compensation. As such, each year, the Compensation Committee, on behalf of the full Board, requests that Farient Advisors LLC (Farient), our independent compensation consultant, evaluate the relationship between our executive compensation and our financial and stockholder return performance. In addition to conducting quantitative analyses commonly relied upon by independent proxy governance organizations to test the alignment of our CEO s pay and performance, Farient uses its proprietary pay for performance alignment model to test whether the Company s Performance-Adjusted Compensation™ (PAC™) was: (1) reasonable in comparison to the Company s revenue size and the Compensation Peer Group (described below) that are significantly different in size as described in the *Competitive Market Data* section below), and (2) sensitive to the Company s TSR over time. PAC includes our then serving CEO s salary, actual annual incentive compensation, the performance-adjusted value of long-term incentives, averaged over 3-year rolling periods, and the value of other compensation, as reported in the Summary Compensation Table. Performance is defined as TSR, averaged over the same 3-year rolling periods. Each data point on the chart below, which is adjusted for inflation and the Company s size, represents PAC over a three-year period and TSR for the same 3-year period.

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As indicated by the chart below, the Compensation Committee concluded there was a strong relationship between our CEO s PAC and the Company s performance. This is because our CEO s PAC generally fluctuates with performance, recognizing that there is some variation in the pattern of pay since not all pay elements are directly dependent upon TSR. Moreover, the Compensation Committee determined that our CEO s PAC was reasonable because it generally fell below the upper boundary of a competitive pay range that our consultant deemed to be acceptable based on the Company s size, Compensation Peer Group PAC levels, and performance. Farient s assessment considers the pay to the individual serving as CEO, not specific individuals, so in this case, the chart below reflects the pay to Thomas Georgens, our former CEO, and George Kurian, our current CEO, for the three-year period ending in fiscal 2017.

Based on its review of Farient s analyses, the Compensation Committee satisfied itself as to the coherence and integrity of our executive pay system because the Company s pay practices move in concert with the Company s performance.

The link between Company performance, the performance of our stock, and compensation for our NEOs is illustrated by the following charts, which show the portion of the major elements of the fiscal 2017 compensation for our NEOs disclosed in the *Summary Compensation Table* below.

As these charts illustrate, most of Mr. Kurian s and the other NEOs total compensation is performance-based, meaning that the actual value realized is subject to the Company s short-term financial performance or long-term stock price performance. By linking more of our NEOs total compensation to performance, the Company emphasizes variable pay, which is consistent with the Company s pay-for-performance philosophy.

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Element and Objectives of Executive Compensation

NetApp uses a number of pay elements to achieve the pay and performance alignment shown above. The following table describes the elements of our fiscal 2017 executive compensation program and the objectives for each element.

Type	Element	Key Characteristics	Objective	How We Determine Amount
Fixed	**Base Salary**	**Fixed, regular cash compensation**	**Designed to promote excellence in the day-to-day management and operation of our business**	**Qualifications and experience, scope of responsibilities, future potential, past performance, and tenure**
Variable	**Executive Incentive Compensation Plan**	**Cash incentive tied to annual operational performance metrics**	**Aligns executive compensation to our annual performance and creates accountability for NEOs to enhance the value of the Company and drive strategic objectives**	**Based on achievement of 2017 operating profit, revenue and individual performance metrics** **Targets based on competitive market data and CEO recommendations**
Other	**Other Cash Incentives**	**Discretionary bonus**	**Discretionary bonuses are not typically granted; only used to reward extraordinary effort or special event that is not captured by other payments under the Executive Compensation Plan**	**Based on the Compensation Committee s discretion**

Fixed	**Time-Based RSUs**	**Vest annually in equal installments**	**Promotes retention while aligning the ultimate award value directly with changes in our stock price over the vesting period**	**Competitive market data and CEO recommendations**
Variable	**PBRSUs**	**50% of PBRSUs vest after a 2-year performance period and 50% vest after a 3-year performance period, based on relative TSR performance**	**Provides strong alignment between the interests of the NEOs and the stockholders**	**Based on the relative performance of our TSR compared to the S&P 1500 Technology Hardware and Equipment Index during 2- and 3-year performance periods**

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Adherence to Best Practices

As noted above, the Compensation Committee seeks to ensure that total compensation is weighted toward variable, performance-based compensation. In addition, we adhere to the following best practices for our executive compensation programs and policies:

No Pension or SERPs. We do not provide our NEOs with a defined benefit pension plan or any supplemental executive retirement plans. Our employees, including NEOs, are able to participate in our 401(k) plan and our senior executives are able to participate in our nonqualified deferred compensation program.

No Individual Executive Contracts. We do not have separate employment contracts with our NEOs other than offer letters that set forth the basic terms of employment.

Double Trigger Change of Control Severance Agreements. Our change of control severance agreements provide severance payments and accelerated vesting of equity awards only on a double trigger basis; that is, the change of control severance agreements provide for severance payments and accelerated vesting of equity awards only if the Company terminates the individual s employment without Cause or if the individual resigns for Good Reason (as such terms are defined in the agreements) and such termination or resignation occurs on or within 24 months after a change of control of the Company.

No Tax Gross-Ups on Change of Control. Tax gross-ups are not provided to our NEOs on change of control severance payments.

Clawback Policy. We have a clawback, or recoupment, policy that covers all elements of our Executive Compensation Plan.

Ownership Guidelines. Equity compensation encourages our directors and executives to have an owner s perspective in managing the Company. To extend and maintain that ownership perspective over time, the Company has established stock ownership guidelines for the Company s directors, CEO, and all Executive Vice Presidents (discussed further below in *Stock Ownership Guidelines*).

Risk Oversight. The Compensation Committee oversees and evaluates the design and implementation of the incentives and risks associated with our compensation policies and practices.

Independent Compensation Consultant. The Compensation Committee s compensation consultant provides services only for the Compensation Committee and does not provide any other services to the Company.

No dividends paid on unvested shares. The Company does not pay dividends or dividend equivalents prior to the vesting of shares.

The Compensation Committee believes that the programs and policies described above demonstrate our commitment to an effective pay-for-performance executive compensation program in fiscal 2017. For more information, please see the discussion below.

Our Process for Determining and Administering Our Compensation Program

The Compensation Committee determines and approves the principal components of compensation for our NEOs on an annual basis, typically shortly after the beginning of the applicable fiscal year. At the outset of each fiscal year, the Compensation Committee establishes a formal planning calendar to ensure a consistent and deliberative approach to its executive compensation decisions, including scheduling its process for evaluating competitive market data, reviewing compensation strategy and ensuring that its pay programs support the business strategy, approving executive pay actions, administering executive incentive plans, and reporting outcomes to stockholders.

In making its decisions regarding compensation, the Compensation Committee obtains Farient s advice and counsel. In fiscal 2017, Farient provided information and guidance on our compensation strategy, peer group, competitive pay levels and pay practices, mix of short and long-term compensation, investor trends, alignment between our executive pay and performance, design of our incentive plans, including performance measures and goals used in our Incentive Compensation Plan, disclosures to our stockholders, our annual compensation risk assessment, and Board compensation. Farient also provided advice on key talent development processes, including top management evaluation. Farient did not provide any services to the Company other than those requested and approved by the Compensation Committee. The Compensation Committee assessed the independence of Farient pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Farient from independently representing the Compensation Committee.

The Compensation Committee also solicits the input from our CEO regarding the salary, incentive compensation and equity-based compensation to be paid to those executives reporting to him, including all of the NEOs other than himself. As part of the annual review process, our CEO provides recommendations for the executives consistent with our pay-for-performance philosophy. His recommendations are based on his assessment of each NEO s contributions to overall Company performance. With respect to compensation for our CEO, the Chair of the Compensation Committee solicits input from our CEO and the Board of Directors as to their perspectives of the CEO s and the Company s performance, and from Farient regarding CEO compensation relative to the market and Company performance. The Compensation Committee deliberates and makes decisions on our CEO s compensation without the CEO present.

The Compensation Committee established an equity subcommittee. This subcommittee is currently comprised of our CEO and the Executive Vice President of Human Resources. The subcommittee may award equity to employees who hold positions at the Vice President level or below according to equity grant guidelines established by the Compensation Committee each year, and provided that the equity subcommittee may not grant awards in excess of the pool authorized by the Compensation Committee.

Factors in Determining Compensation

The primary factors that the Compensation Committee takes into consideration in establishing the principal components of compensation for our NEOs are discussed below. While these are typically the considerations upon which the Compensation Committee bases its compensation decisions for our NEOs, the Compensation Committee may, at its discretion, apply entirely different factors, such as different measures of financial performance, for future fiscal years.

We do not have either a policy or a practice in place to grant equity awards that are timed to precede or follow the release or withholding of material nonpublic information.

Say-on-Pay

NetApp values the input of our stockholders on our compensation programs. We hold an advisory vote on executive compensation on an annual basis. We also regularly communicate with our stockholders to better understand their opinions on governance issues, including compensation. Our stockholders will have the opportunity once again at this year s Annual Meeting to endorse our executive compensation program through the stockholder advisory vote to approve executive compensation (commonly known as a say-on-pay vote) included as Proposal No. 4 in this Proxy Statement. Last year, over 98% of the stockholder votes cast on this proposal (excluding broker non-votes) were voted in favor of our executive compensation proposal. The Compensation Committee believes that the result of this vote affirms our stockholders support for our approach to executive compensation. Last year s stockholder vote on executive compensation occurred in September 2016, while the Compensation Committee s consideration of fiscal

2017 executive compensation occurred earlier in 2016, with compensation for most elements established by June 2016. As a result, the Compensation Committee did not set or change fiscal 2017 executive compensation directly as a result of last year s stockholder vote. However, deliberations of fiscal 2017 compensation did consider stockholder views on performance-based equity compensation. The Compensation Committee expects to continue to consider input from stockholders and the outcome of our annual say-on-pay votes when making future executive compensation decisions. We encourage you to review this CD&A, together with the compensation tables that follow, prior to casting your advisory vote on the say-on-pay proposal.

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Performance Assessment

After each fiscal year, executives in senior vice president positions and above perform an evaluation of their organization s performance and their own individual performance for the prior year and how that performance contributed to the Company s performance. Our CEO uses these assessments as one of the factors, along with the others described below, in making his recommendations to the Compensation Committee regarding executive equity and salaries for the following fiscal year. Likewise, as noted above, our CEO typically performs a similar self-assessment and communicates this to the Chairman of our Compensation Committee near the end of the fiscal year. In addition, the Compensation Committee also reviews feedback from the CEO s direct reports and a performance assessment from the Board.

Competitive Market Data

In order to establish the market rate of pay for NEOs (including in connection with the hire of new NEOs), the Compensation Committee reviews data from a targeted peer group of similarly situated technology companies. To determine the appropriate peer group, the Compensation Committee considers companies that are similar in one or more of the following criteria: revenue, number of employees, market capitalization and other comparable business considerations such as a change in industry dynamics (including mergers and acquisitions). In addition to focusing on our direct product line competitors, we consider other companies with whom we compete for talent in our various markets for which data is available.

For fiscal 2017, the Compensation Committee reviewed the Company s compensation peer group used to benchmark compensation of our NEOs, as well as our broader executive population, with assistance and guidance from Farient. In particular, the Compensation Committee focused on a set of technology companies where the median revenue of the group approximates NetApp s revenue.

The fiscal 2017 Compensation Peer Group consisted of:

Adobe Systems Inc.	Hitachi Data Systems	Red Hat, Inc.
Alphabet Inc.	Intel Corporation	Salesforce.com
Apple Inc.	International Business Machines Corp.	SanDisk Corp.
Applied Materials Inc.	Intuit Inc.	SAP AG
Broadcom Corporation	Juniper Networks, Inc.	Seagate Technology
Brocade Communications Systems, Inc.	KLA-Tencor Corp.	Silicon Graphics International
CA Technologies	Lexmark International Inc.	Symantec Corporation
Cisco Systems, Inc.	Logitech International	Teradata Corporation
Citrix Systems, Inc.	Microsoft Corporation	VMware, Inc.

CommVault Systems, Inc.	NVIDIA Corporation	Western Digital Corp.
eBay Inc.	Oracle Corp.	Xilinx, Inc.
EMC Corporation	QLogic Corp.	Yahoo! Inc.
Hewlett-Packard Enterprise Company	QUALCOMM Incorporated	

In addition, with Farient s assistance and guidance, the Compensation Committee identified a more targeted list of sixteen companies in the storage and enterprise solutions markets to assess pay practices (for example, the use of equity incentives, performance measures, and goal setting) and to supplement our compensation benchmarking of specific NEO compensation. The fiscal 2017 Compensation Practices Peers consisted of the following companies:

Brocade Communications Systems, Inc.	Hewlett-Packard Enterprise Company	QUALCOMM Incorporated
CA Technologies	International Business Machines Corp.	Red Hat, Inc.
Citrix Systems, Inc.	Juniper Networks, Inc.	SanDisk Corp.
CommVault Systems, Inc.	Microsoft Corporation	Symantec Corporation
EMC Corporation	Oracle Corp.	Teradata Corporation
		VMware, Inc.

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Pay Positioning

The Compensation Committee has established a pay positioning philosophy that considers the highly competitive market for talent in which we participate and the relatively aggressive incentive goals for our organization. As a starting point, the Compensation Committee looked at the NEO s current compensation and the ranges of base salary, target annual cash incentive and equity compensation at the 25th, 50th, and 75th percentiles within the Compensation Peer Group. The Committee then applied its judgment in determining proper levels of each component of compensation for NEOs. The end result for fiscal 2017 was a total compensation package for NEOs targeted at between the 50th and 65th percentile for total compensation relative to the Compensation Peer Group and the actual total compensation received by the NEOs approximated the median.

A majority of each NEO s total compensation is performance-based, meaning that the actual value realized is subject to short-term financial performance, individual performance, and long-term stock price performance. Target pay positioning may vary by individual based on a wide range of considerations, including each executive s role, skills, and overall impact on the management and strategic development of the Company.

Components of Compensation

Base Salary

Salaries for NEOs are set so that total short-term cash compensation (salary plus target annual cash incentive) is between the 50th and 65th percentile relative to the Compensation Peer Group. Using this range ensures that the Company s salaries are competitive with the companies for which we compete for talent, but also permits the Compensation Committee to use its judgment in gauging competitiveness.

In fiscal 2017, the Compensation Committee adjusted Mr. Kurian s base salary to reflect his experience and contributions as CEO and the competitive pay position to the market. In addition, Mr. Reich received an increase in recognition of his contributions, expanded role leading both Product and Manufacturing Operations and the competitive pay position to the market. Mr. Fawcett received a modest salary increase to reflect his contributions and tenure in his current role.

Name	Fiscal 2016 Base Salary	Fiscal 2017 Base Salary	Percentage Increase
George Kurian	**$800,000**	**$875,000**	**9%**
Ronald J. Pasek	**$550,000**	**$550,000**	**0%**

Joel D. Reich	**$425,000**	**$475,000**	**12%**
Henri Richard	**N/A(1)**	**$550,000**	**N/A**
Matthew K. Fawcett	**$480,000**	**$500,000**	**4%**

(1) Mr. Richard began employment at NetApp at the beginning of fiscal 2017.

Executive ICP

The Compensation Committee annually approves metrics and goals for our Executive Compensation Plan (Executive ICP) with payment of incentives, if any, shortly following the end of the fiscal year. Target ICP awards for NEOs are set so that target total short-term cash compensation (salary plus target ICP award) is between the 50th and 65th percentile relative to the Compensation Peer Group. For fiscal 2017, our NEOs target total short-term cash compensation was positioned at approximately the median relative to the Compensation Peer Group.

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In fiscal 2017, the Compensation Committee increased Mr. Kurian s target cash incentive award by 10 percentage points to 160% in recognition of his experience and contributions as CEO and the competitive pay position to the market.

Name	Fiscal 2016 Target ICP Award % of Salary	Fiscal 2017 Target ICP Award % of Salary	Percentage Increase
George Kurian	**150%(1)**	**160%**	**10%**
Ronald J. Pasek	**N/A(2)**	**110%**	**N/A**
Joel D. Reich	**110%**	**110%**	**0%**
Henri Richard	**N/A(2)**	**110%**	**N/A**
Matthew K. Fawcett	**80%**	**80%**	**0%**

(1) Prior to his promotion to CEO, Mr. Kurian s target award equaled 110% of his base salary for fiscal 2016. In connection with his promotion, Mr. Kurian received an additional target award equal to 40% of his base salary, which was intended to provide a total target award equal to 150% during the period in which he served as CEO.

(2) Messrs. Pasek and Richard were not eligible to participate in the Executive ICP in fiscal 2016.

In fiscal 2017, the Compensation Committee amended the Executive ICP framework whereby the cash awards under the plan were tied to both Company and individual performance goals. The Compensation Committee believes that an incentive plan tied to operational and individual performance metrics drives accountability by our NEOs to achieve objectives that are important for ultimately driving stock price performance. To earn any award under the Executive ICP for fiscal 2017, NetApp was required to achieve a threshold goal of $449 million in operating profit. If the threshold goal was not achieved, none of the participants in the Executive ICP were eligible to earn any incentive cash compensation. If NetApp achieved the operating profit threshold, each participant was eligible to earn a maximum award of 200% of such participant s target award. The Compensation Committee could, in its discretion, reduce the actual award earned by each participant in accordance with achievement by the Company of revenue and operating profit goals (Financial Goals) and achievement by the NEO of an individual Management Business Objectives (MBOs) tied to the Company s strategic business objectives, as further described below. The Compensation Committee determined awards to each executive, before any further discretion is applied, by weighting Financial Goals 75% and MBOs 25%. This plan was designed to, among other things, satisfy the requirements for 162(m) deductibility of executive compensation expenses.

Financial Goals

With regards to the Financial Goals, the Compensation Committee believes that the continued use of revenue as a performance measure for fiscal 2017 encouraged growth and the creation of stockholder value. The continued use of operating profit encouraged our effective management of Company resources and the creation of stockholder value. Moreover, these measures are intended to reflect the Company s business strategy, which includes making tradeoffs between operating profit and revenue growth, encouraging executives to make balanced decisions intended to benefit the Company as a whole, while mitigating the potential for executives taking undue risks.

Prior to or shortly after the beginning of each fiscal year, including fiscal 2017, the Company presents to the Board an annual operating plan (or AOP) that includes a measure of non-GAAP income from operations (or operating profit , as described below) and revenue. The AOP is derived from results of the prior year as well as the Company s expectations for its performance relative to its strategy, the Company s competitors and the overall market for the upcoming year. The AOP then is reviewed and approved by the Board of Directors. The target operating profit and revenue goals for the incentive compensation plan for fiscal 2017 were set at the expected level of achievement of the AOP.

The measure of non-GAAP operating profit is derived from net revenues from our products and services and the costs related to the generation of those revenues, such as cost of revenue, sales and marketing, research and development, and general and administrative expenses. Non-GAAP operating profit for fiscal 2017, both on an actual and target basis, excluded items that we believe are not reflective of our short-term operating performance,

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such as amortization of intangible assets, stock-based compensation expense, acquisition-related income and expenses, restructuring charges and gains on the sale of or losses on impairments of assets. We publicly disclose a detailed reconciliation of GAAP to non-GAAP net income and operating profit, along with other statement of operations items, on a regular basis with the Company s quarterly earnings announcements.

For fiscal 2017, the 75% of the Executive ICP based on Financial Goals was calculated based on the Company s achievement of revenue and operating profit versus targets, with revenue weighted at 1/3rd and operating profit weighted at 2/3rds. In establishing our operating profit and revenue goals, we set the targets shown in the chart below. ( )

	Fiscal 2017 Revenue Goals ($MMs) (1/3 weighting)	% of Target Goal	% of Target Award	Fiscal 2017 Operating Profit Goals ($MMs) (2/3 weighting)	% of Target Goal	% of Target Award
Maximum	$6,190	110%	200%	$988	110%	200%
Target	$5,627	100%	100%	$898	100%	100%
Threshold	$4,783	85%	25%	$718	80%	20%
<Threshold	<$4,783	<85%	0%	<$718	<80%	0%
Fiscal 2017 Achievement	$5,519	98%	90%	$950	106%	158%

( ) Amount of awards determined by interpolating for performance between discrete points shown in the table.
Once the Executive ICP pool was determined, the Compensation Committee allocated the pool and calculated the actual awards for each executive based on achievement by the Company of the revenue and operating profit goals, which were weighted 25% and 50% respectively, and achievement by the executive of their MBO, which was weighted 25%.

For fiscal 2017, the Company achieved 106% of our annual target operating profit goal, translating into 158% of the target award, and 98% of our annual target revenue goal, translating into 90% of the target award. Based on the translation of performance relative to target goals for the blend of revenue and operating profit into a percent of target awards, the Executive ICP pool was funded at 135% of target.

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Individual MBOs

For fiscal 2017, the 25% of the award based on individual performance was measured by the achievement of an executive s individual MBO, each of which was designed to help achieve the Company s strategic objectives and drive individual accountability. The MBOs for the NEOs related to the Company s strategic objectives within the following categories: (1) Grow the top line; (2) Transformation: Improve efficiency and effectiveness; and (3) Develop team.

At the end of fiscal 2017, Mr. Kurian reviewed with each NEO the NEO s MBO s achievement for the period and then determined each NEO s individual rating on a scale of 1 to 5. Based on Mr. Kurian s determination of the NEO s rating, Mr. Kurian then recommended to the Compensation Committee a payout percentage on between 0% and 200%, for each NEO in accordance with the chart below. After reviewing Mr. Kurian s assessment and recommendation, the Compensation Committee determined and approved the payout percentage. For Mr. Kurian, the Compensation Committee, in consultation with Mr. Kurian, determined Mr. Kurian s MBOs. At the end of fiscal 2017, Mr. Kurian submitted the self-assessment to the Compensation Committee. After reviewing Mr. Kurian s self-assessment and making its own evaluation of Mr. Kurian s performance after consulting with the Board, the Compensation Committee determined and then approved Mr. Kurian s payout amount in accordance with the chart below. In assessing Mr. Kurian s achievements and approving his compensation, the Compensation Committee considered his achievements within a broader set of expectations including strategic leadership, organizational quality and effectiveness, management abilities, and responsiveness to economic conditions.

MBO Achievement	**5 Unsatisfactory**	**4 Needs Improvement**	**3 Meets Expectations**	**2 Exceeds Expectations**	**1 Significantly Exceeds Expectations**
Payout Percentage	0% 40%	41% 80%	81% 120%	121% 160%	161% 200%

Based on the level of performance described above on both the Company and individual performance metrics for fiscal 2017, the incentive compensation payouts to the NEOs under the Executive ICP were as follows.

Name	Target Award	Target Corporate Financial Award	Corporate Financial Award as a % of Target (Weighted 75%)	Target Individual MBO	Individual MBO Award as a % of Target (Weighted 25%)	Actual Corporate Financial Award	Actual Individual MBO Award	Fiscal 2017 Executive ICP	Actual Award as a % of Target Award
	$1,400,000	**$1,050,000**	**135%**	**$350,000**	**143%**	**$1,420,650**	**$500,000(1)**	**$1,920,650**	**137%**

George Kurian									
Ronald J. Pasek	**$605,000**	**$453,750**	**135%**	**$151,250**	**120%**	**$613,924**	**$181,500(2)**	**$795,424**	**131%**
Joel D. Reich	**$522,500**	**$391,875**	**135%**	**$130,625**	**110%**	**$530,207**	**$143,688(3)**	**$673,894**	**129%**
Henri Richard	**$584,058**	**$438,043**	**135%**	**$146,014**	**115%**	**$592,673**	**$167,917(4)**	**$760,589**	**130%**
Matthew K. Fawcett	**$400,000**	**$300,000**	**135%**	**$100,000**	**110%**	**$405,900**	**$110,000(5)**	**$515,900**	**129%**

(1) Represents the actual MBO award paid to Mr. Kurian who built a strong leadership team, drove the company to exceed its goals for organizational transformation, delivered solid financial results in fiscal 2017, and has positioned the Company for growth.

(2) Represents the actual MBO award paid to Mr. Pasek who drove financial discipline and efficiency within the Company that enhanced the Company s standing with investors and analysts.

(3) Represents the actual MBO award paid to Mr. Reich who continued to demonstrate strong leadership in our core business and delivered new world class innovations that position our Company to further penetrate new and existing markets.

(4) Represents the actual MBO award paid to Mr. Richard who created a sales culture with a renewed sense of urgency, and re-aligned the organization to achieve the Company s revenue plan.

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(5) Represents the actual MBO award paid to Mr. Fawcett who drove the adoption of a global shared services model, innovated legal services at the Company and transformed our enterprise intellectual property strategy.

Other Cash Incentives

The Compensation Committee retains authority to pay additional discretionary bonuses outside the Executive ICP if warranted. For fiscal 2017, the Compensation Committee elected to award a one-time signing bonus in the amount of $400,000 to Mr. Richard in connection with the commencement of his employment with the Company. This signing bonus is subject to forfeiture and repayment if Mr. Richard voluntarily terminates his employment within two years of his employment start date.

Long-Term Stock-Based Incentive Compensation

The grant of equity awards to our NEOs is designed to align their interests with those of the stockholders and provide them with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the business.

Equity award guidelines for our NEOs are targeted, on average, at the 50th percentile relative to the Compensation Peer Group. The size of the actual equity grant to each NEO is designed to create a meaningful opportunity for stock ownership and is based on a number of factors, which include the NEO s current position with the Company, their strategic importance to the Company, the NEO s current level of performance, the NEO s potential for future responsibility and promotion over time, and the remaining share reserve under the Company s equity plan. The Compensation Committee, however, does not place any particular weight on any one individual factor and does not strictly adhere to any specific guidelines in making its determinations.

In fiscal 2017, the Compensation Committee granted PBRSUs and RSUs to all of our NEOs. In accordance with our principles of linking pay to performance, the target mix of equity awards to the CEO is 75% PBRSUs and 25% RSUs. For other NEOs, the target mix of equity awards is 60% PBRSUs and 40% RSUs. We believe that this mix of performance-based versus time-based awards for these executives appropriately reflects their relative impact upon, and accountability for, our stock price performance over time.

PBRSUs

The PBRSUs granted in fiscal 2017 allow the recipient to earn a variable number of shares of our common stock based on the relative performance of our TSR compared to the median TSR of companies listed in the S&P 1500 Composite Technology Hardware and Equipment Index (Hardware and Equipment Index), comprised of 83 companies at the beginning of the performance period.

The PBRSUs have the following features:

The number of earned PBRSUs will be determined based on the Company s TSR measured against the TSR of the companies listed in the Hardware and Equipment Index during separate two-year and three-year performance periods. At the end of each performance period, our TSR is compared to the median TSR of the companies listed in the Hardware and Equipment Index at the end of the applicable performance period, and the actual award amount is determined according to the relevant payout schedule. See the table below for a description of how achievement of the PBRSU awards is calculated.

50% of the total number of PBRSUs may be earned and issued at the end of a two-year performance period and 50% of the total number of PBRSUs may be earned and issued at the end of a three-year performance period.

The PBRSUs will not vest until the completion of the applicable performance period, and vesting is subject to continued service through the vesting date, which is the last day of each performance period.

The Compensation Committee selected TSR because it believes that TSR is an important indicator of the Company s performance and provides strong alignment between the interests of the NEOs and the stockholders. Separate performance periods help to moderate volatility and encourage and reward sustained and continuous

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growth which aligns the interests of the NEOs and our stockholders. The Hardware and Equipment Index was selected to measure performance because it represents the broader market against which we compete for talent and represents the broad range of our business operations while also being objectively determinable.

The number of earned PBRSUs will depend upon the percentage of achievement of our TSR against the median TSR of the companies listed in the Hardware and Equipment Index as follows:

Relative Company TSR performance less median TSR of companies listed in the Hardware and Equipment Index (1)	% of Target Number of PBRSUs Earned (2)
^{3}+30%	200%
0%	100%
-20%	50%
<-20%	0%

(1) Performance is measured at the end of two-year and three-year performance periods with 50% of the total number of PBRSUs eligible to be earned during each performance period. The median for the Hardware and Equipment Index is determined based on the TSR data for the companies in the index as of the end of the performance period.

(2) The percentage earned is interpolated for performance between discrete points.
The actual award amount is paid following the completion of the applicable performance period.

The performance period for the executives PBRSUs commenced on April 30, 2016 and will conclude at the end of our fiscal 2018 and fiscal 2019, respectively. As a result, the PBRSUs granted in fiscal 2017 were not eligible to vest in fiscal 2017.

The performance period for the PBRSUs granted in fiscal 2016 with a 2-year vesting period ended as of April 28, 2017. The Compensation Committee certified the performance and vesting for the NEOs, other than Messrs. Pasek and Richard, who were not Company employees in 2015, as follows:

Name	Target Number of PBRSUs	PBRSUs Vested	Relative TSR %	% of Target Vested
George Kurian	**85,750**	**94,325**	**3.0%**	**110%**
Joel D. Reich	**18,850**	**19,476**	**0.2%**	**103%**
Matthew K. Fawcett	**20,300**	**20,975**	**0.2%**	**103%**

The performance period for Messrs. Reich s and Fawcett s vested PBRSUs began on April 27, 2015 and ended on April 28, 2017, whereas the performance period for Mr. Kurian s vested PBRSUs for the performance period began on June 1, 2015 and ended on April 28, 2017, due to Mr. Kurian s promotion to CEO in June 2015.

Time-Based RSUs

Time-based RSUs allow the recipient to earn a fixed number of shares of our common stock for their continued service to the Company. Recognizing that a large portion of the NEOs equity compensation is at risk through the PBRSU program discussed above, the Compensation Committee also grants time-based RSUs to promote retention while aligning the ultimate award value directly with changes in our stock price over the vesting period. The RSUs vest in equal annual installments on each annual anniversary of the grant date beginning on the first anniversary of the grant date, subject to continued service through the applicable vesting date. The mix of PBRSUs versus RSUs will be reviewed by the Compensation Committee annually and may fluctuate from year to year.

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The following chart shows the grants of PBRSUs and RSUs to our NEOs in fiscal 2017. In addition to the annual grants, the following chart also reflects a grant of 64,129 RSUs to Mr. Pasek and a grant of 53,213 RSUs to Mr. Richard, which were made in connection with the commencement of each officer s employment with the Company.

Name	Target Number of PBRSUs	Maximum Number PBRSUs (1)	RSUs
George Kurian	**175,000**	**350,000**	**58,300**
Ronald J. Pasek	**47,965**	**95,930**	**96,438**
Joel D. Reich	**54,000**	**108,000**	**36,000**
Henri Richard	**90,945**	**181,890**	**113,843**
Matthew K. Fawcett	**39,000**	**78,000**	**26,000**

(1) This is based on a 200% maximum number of PBRSUs relative to target, per the terms of the award.

Stock Ownership Guidelines

The Board believes that stock ownership by the Company s directors and executives helps to align the interests of the Company s directors and executives with the interests of the Company s stockholders. To extend and maintain that ownership perspective over time, the Company has established the following minimum share ownership guidelines for the Company s directors, CEO, and Executive Vice Presidents:

Position	Guideline as a Multiple of Salary/Cash Board Retainer

Independent Directors	**5x**
CEO	**5x**
EVPs	**2x**

The Company s executives have five years from the adoption date of these stock ownership guidelines in fiscal year 2013 to meet these guidelines. The stock ownership guideline for directors was increased in May 2017 from three times their cash retainer to five times their cash retainer, and the directors have until May 2022 to meet the new guideline. Newly appointed directors and executives have five years from the time they are elected, appointed, hired, or promoted, as the case may be, to meet these guidelines. Once achieved, ownership at the guideline amount must be maintained. All of the directors and executives were in compliance with the then-current guidelines as of the end of fiscal 2017.

Recovery of Incentive-Based Compensation

At the recommendation of the Compensation Committee, the Board adopted a policy that gives the Board discretion to require that designated Company employees, including the NEOs and all persons holding the position of Executive Vice President and Senior Vice President, repay cash incentive or equity compensation to the Company if the Board determines that the individual s actions caused or partially caused the Company to materially restate all or a portion of its financial statements on which such compensation was calculated. Such determination must be made by the Board within three years of the date of filing of the applicable financial statements. The Compensation Committee believes that the Company s clawback policy is in keeping with good standards of corporate governance and mitigates the potential for excessive risk taking by Company executives. The SEC is expected to adopt regulations requiring national listing exchanges to enact listing standards governing policies providing for the recovery of incentive based compensation, and the Company will revise and update its clawback policy within the time periods necessary to comply with such listing standards.

Anti-Hedging and Anti-Pledging Policies

Our Board has adopted a policy prohibiting all employees, including the NEOs and members of the Board, from engaging in any hedging transactions with respect to any equity securities of the Company held by them, which includes the purchase of any financial instrument (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) designed to hedge or offset any decrease in the market value of such equity securities. In addition, under the Company s Insider Trading Policy, employees of the Company, including the NEOs, and members of the Board are prohibited from pledging the Company s securities as collateral for a loan.

Other Compensation for NEOs

Severance and Change of Control Arrangements

The Compensation Committee maintains change of control severance agreements for its key senior executives to: (1) assure we will have the continued dedication and objectivity of our senior executives, notwithstanding the possibility of a change of control of the Company, thereby aligning the interests of these key senior executives with those of the stockholders in connection with potentially advantageous offers to acquire the Company; and (2) create a total executive compensation plan that was competitive with our peer group. The Compensation Committee from time to time determines which key senior executives will receive a change of control severance agreement. Individuals are selected as needed to support the above outlined objectives.

The terms of the individual Change of Control Severance Agreements are described in further detail in the section below titled *Potential Payments upon Termination or Change in Control.* The Compensation Committee believes that these change of control severance agreements satisfy the objectives above and ensure that key executives are focused on the Company s goals and objectives, as well as the interests of our stockholders, rather than any negative personal consequences that may arise as a result of a change of control.

Effective June 22, 2016, the Company entered into Change of Control Severance Agreements with each of our NEOs, which superseded their existing Change of Control Severance Agreements, as amended. Please see *Termination of Employment and Change of Control Agreements Change of Control Severance Agreements* below for further information on the new Change of Control Agreements.

Perquisites

Certain of our executives at the Executive Vice President level and above are eligible to participate in the Company s Executive Retirement Medical Plan, which upon retirement provides a health reimbursement account to reimburse eligible retired executives for premiums paid for individual insurance covering the retiree and any eligible dependents for the period from January 1, 2017 through December 31, 2019. On or after December 31, 2019 but ending on December 31, 2021, participants in the Executive Retirement Medical Plan will be eligible to receive a taxable lump sum cash payment equal to two years of projected health care costs, or a prorated portion thereof, pursuant to the methodology set forth in the Executive Retirement Medical Plan. The Executive Retirement Medical Plan terminates on December 31, 2019. The Executive Retirement Medical Plan was adopted by the Company as a method to retain the defined group of executives. In fiscal 2016, the Compensation Committee froze eligibility under the Executive Retirement Medical Plan, limiting eligibility to those executives who were eligible for participation based on their respective Company positions as of November 12, 2015; participation in the plan is not offered to Company executives who were not eligible for the plan on that date. Mr. Kurian and Mr. Reich will be eligible to receive benefits under the Executive Retirement Medical Plan as well as a lump sum payment (or pro-rata portion) if they retire prior to 2019 or 2021, as applicable. Our NEOs are also entitled to a preventative care medical benefit of up to $2,500 per calendar year not available to nonexecutives. The Compensation Committee approved the use of a car service by Mr. Kurian for travel between his residence and the office in an amount of up to $40,000 per year so that he can conduct business during his commute. In fiscal 2017, the expense for Mr. Kurian s car service was $19,911. The Compensation Committee also approved payment by the Company of rental expenses for Mr. Reich for a residence and rental furniture in Sunnyvale, California, along with a gross-up for associated taxes. Although Mr. Reich is based on the Company s Waltham, Massachusetts office, his position requires frequent travel to the Company s headquarters in Sunnyvale. In fiscal 2017, the Company paid $136,639 for Mr. Reich s housing related expenses.

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Other Benefits and Reimbursements

NEOs are eligible to participate in all of our employee benefit plans, such as medical, dental, vision, group life and accidental death and dismemberment insurance, our 401(k) plan and our nonqualified deferred compensation program. Effective January 1, 2015, we match 100% of the first 2% of eligible earnings contributed to our 401(k) plan, and match 50% of the next 4% of eligible earnings contributed, up to a maximum of $6,000 per calendar year. Under the Company s nonqualified deferred compensation program (discussed in further detail below), participating employees (including the NEOs) may defer a percentage of their compensation. The program permits contributions on a tax deferred basis in excess of IRS limits imposed on 401(k) plans as permitted and in compliance with Internal Revenue Code Section 409A. The only additional retirement benefits (other than the 401(k) plan) that we offer to certain of our NEOs are those under the Executive Retirement Medical Plan discussed above.

Tax Deductibility of Compensation

Section 162(m) of the Code generally disallows a tax deduction to publicly held companies for compensation paid to certain executive officers to the extent that compensation exceeds $1 million per officer in any year. The Company generally seeks to maximize the deductibility for tax purposes of all elements of compensation. Our 1999 Plan is structured so that any compensation recognized by an executive officer in connection with the exercise of his or her outstanding options under the plan will qualify as performance-based compensation and will not be subject to the $1 million limitation. In addition, our 1999 Plan allowed our Compensation Committee to structure the PBRSUs as performance-based compensation under Section 162(m), and our Executive Compensation Plan allows us to structure our cash incentives that are paid thereunder to qualify for a deduction under Section 162(m). The Compensation Committee, however, periodically reviews applicable tax provisions, such as Section 162(m), and may revise compensation plans from time to time to comply with their rules and to maximize deductibility.

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The information contained in the following Compensation Committee Report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based upon such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee of the Board of Directors:

Robert T. Wall, Chairman

Gerald Held

George T. Shaheen

Stephen M. Smith

Richard P. Wallace

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Summary Compensation Table

The table below summarizes the compensation information for the NEOs for fiscal 2017, fiscal 2016, and fiscal 2015.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(5)	Total ($)
George Kurian	2017	875,000		6,179,678		1,920,650		29,913	9,005,241
Chief Executive Officer	2016	786,538	44,990	8,196,616		477,366		8,813	9,514,323
and President(6)	2015	480,000		1,855,845	1,320,490	353,760		7,635	4,017,730
Ronald J. Pasek	2017	550,000		3,458,446		795,424		17,418	4,821,288
Executive Vice President and Chief Financial Officer(7)	2016	31,731						208	31,939
Joel D. Reich	2017	475,000		2,324,632		673,894		147,656	3,621,182
Executive Vice President, Product Operations(8)	2016	419,454	24,202	2,243,252		180,589		10,967	2,878,463
Henri P. Richard Executive Vice President, Worldwide Field and Customer Operations(9)	2017	530,962	400,000	5,154,717		760,589		17,277	6,863,545
Matthew K. Fawcett	2017	500,000		1,678,901		515,900		8,017	2,702,818
Senior Vice President,	2016	489,231	20,529	2,539,327		153,186		7,716	3,202,989
General Counsel and Secretary(10)	2015	465,000		1,485,375	452,481	249,240		7,536	2,659,632

(1) Our fiscal 2017 was a 52-week year. Fiscal 2016 was a 53-week year and therefore the salary for 2016 contains an extra week of pay. Fiscal 2015 was a 52-week year.

(2) Amounts shown for fiscal 2016 represent a one-time discretionary bonus approved by the Compensation Committee in recognition of the recipient s successful execution and completion of the acquisition of SolidFire, Inc. and the integration of the SolidFire, Inc. business into the Company. Amount shown for Mr. Richard in fiscal 2017 represents a one-time signing bonus in connection with the commencement of his employment with the Company.

(3) Amounts shown represent the aggregate grant date fair value as calculated for financial statement reporting purposes in accordance with FASB ASC 718 for RSUs, PBRSUs and stock option awards, as applicable, granted in fiscal 2017, fiscal 2016, and fiscal 2015. The estimated fair value of PBRSUs, which were first granted in fiscal 2016, is calculated based on the Monte Carlo simulation method at the date of grant. This estimated fair value for PBRSUs is different from (and lower than) the maximum value of PBRSUs set forth above. These amounts do not necessarily represent actual value that may be realized by the NEOs. Assumptions used in the valuations of these awards are included in Note 11 of the Annual Report.

(4) Amounts shown include the portion of cash compensation deferred at the respective NEO s election under the Company s 401(k) plan and/or nonqualified deferred compensation plan, as applicable.

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(5) **All Other Compensation Table**

Name	Year	401(k) ($) (A)	Life Insurance Coverage ($) (B)	Other ($)	Total ($)
George Kurian	2017	6,000	4,002	19,911 (C)	29,913
	2016	6,000	2,813		8,813
	2015	6,000	1,635		7,635
Ronald J. Pasek	2017	12,000	5,418		17,418
	2016		208		208
Joel D. Reich	2017	6,433	4,584	136,639 (D)	147,656
	2016	6,915	4,052		10,967
Henri P. Richard	2017	10,064	7,213		17,277
Matthew K. Fawcett	2017	6,000	2,017		8,017
	2016	6,046	1,670		7,716
	2015	5,954	1,582		7,536

(A) Amounts shown represent Company s matching contributions under the tax-qualified 401(k) plan.

(B) Amounts shown represent the imputed income of term life insurance coverage in excess of $50,000.

(C) Amounts shown represent the use of a car service between Mr. Kurian s residence and the office so that he may conduct business during his commute.

(D) Amounts shown represent rental expenses for a residence and rental furniture in Sunnyvale, along with a gross-up on the taxes on those benefits.

(6) Mr. Kurian became our CEO in June 2015. He previously served as our Executive Vice President of Product Operations, and first became an NEO effective September 20, 2013. Mr. Kurian received 137% of his eligible earnings for fiscal 2017, 60.7 % of his eligible earnings for fiscal 2016, and 73.7% of his eligible earnings for fiscal 2015.

(7) Mr. Pasek received 131% of his eligible earnings for fiscal 2017. Mr. Pasek became our Executive Vice President and Chief Financial Officer in March 2016.

(8) Mr. Reich received 129% of his eligible earnings for fiscal 2017, and 43.1% of his eligible earnings for fiscal 2016. He first became a NEO effective June 2015.

(9) Mr. Richard received 130% of his eligible earnings for fiscal 2017. Mr. Richard became our Executive Vice President, Worldwide Field and Customer Operations in May 2016.

(10) Mr. Fawcett received 129% of his eligible earnings for fiscal 2017, 31.3% of his eligible earnings for fiscal 2016, and 53.6% of his eligible earnings for fiscal 2015.

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Grants of Plan-Based Awards

The table below summarizes information concerning all plan-based awards granted to the NEOs during fiscal 2017, which ended on April 28, 2017.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock Awards ($)(4)(5)
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**		
George Kurian	06/01/16							58,300	1,352,303
	06/01/16				43,750	87,500	175,000		2,394,875
	06/01/16				43,750	87,500	175,000		2,432,500
		303,333	1,400,000	2,800,000					
Ronald J. Pasek	05/16/16							64,129	1,385,905
	06/01/16							32,309	749,427
	06/01/16				11,992	23,983	47,966		656,415
	06/01/16				11,991	23,982	47,964		666,700
		131,083,	605,000	1,210,000					
Joel D. Reich	06/01/16							36,000	835,042
	06/01/16				13,500	27,000	54,000		750,600
	06/01/16				13,500	27,000	54,000		738,990
		113,208	522,500	1,045,000					
Henri P. Richard	06/01/16							60,630	1,406,349
	06/15/16							53,213	1,239,650
	06/01/16				22,736	45,472	90,944		1,264,122
	06/01/16				22,737	45,473	90,946		1,244,596
		126,544	584,048	1,168,116					
Matthew K. Fawcett	06/01/16							26,000	603,086
	06/01/16				9,750	19,500	39,000		533,715
	06/01/16				9,750	19,500	39,000		542,100

86,667	400,000	800,000

(1) Amounts shown in these columns represent the range of possible cash payouts for each NEO under the Company s Executive Compensation Plan, as determined by the Compensation Committee in May 2016. Please see the discussion in the *Executive Compensation Plan* section of the *Compensation Discussion and Analysis* above.

(2) Represents awards of PBRSUs granted under the Stock Issuance Program of the 1999 Plan. Each PBRSU has performance-based vesting criteria (in addition to the service based vesting criteria) such that the PBRSU cliff-vests at the end of either an approximate two year or three year performance period, which began on the date specified in the grant agreement and ends the last day of fiscal 2018 or 2019, respectively. The number of shares of common stock that will be issued to settle the PBRSUs at the end of the applicable performance and service period will range from 0% to 2