

NetApp, Inc.
Form 10-Q
February 25, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 23, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-27130

NetApp, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0307520
(I.R.S. Employer
Identification No.)

495 East Java Drive,

Sunnyvale, California 94089

(Address of principal executive offices, including zip code)

(408) 822-6000

(Registrant's telephone number, including area code)

Edgar Filing: NetApp, Inc. - Form 10-Q

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of February 11, 2015, there were 311,757,916 shares of the registrant's common stock, \$0.001 par value, outstanding.

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

Item 1	<u>Condensed Consolidated Financial Statements (Unaudited)</u>	3
	<u>Condensed Consolidated Balance Sheets as of January 23, 2015 and April 25, 2014</u>	3
	<u>Condensed Consolidated Statements of Operations for the Three and Nine Months Ended January 23, 2015 and January 24, 2014</u>	4
	<u>Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended January 23, 2015 and January 24, 2014</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended January 23, 2015 and January 24, 2014</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	36
Item 4	<u>Controls and Procedures</u>	37

PART II — OTHER INFORMATION

Item 1	<u>Legal Proceedings</u>	38
Item 1A	<u>Risk Factors</u>	38
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	49
Item 3	<u>Defaults upon Senior Securities</u>	49
Item 4	<u>Mine Safety Disclosures</u>	49
Item 5	<u>Other Information</u>	49
Item 6	<u>Exhibits</u>	49
	<u>SIGNATURE</u>	50

TRADEMARKS

© 2015 NetApp, Inc. All rights reserved. No portions of this document may be reproduced without prior written consent of NetApp, Inc. Specifications are subject to change without notice. NetApp, the NetApp logo, Go Further, Faster, ASUP, AutoSupport, Campaign Express, Cloud ONTAP, Clustered Data ONTAP, Customer Fitness, Data ONTAP, DataMotion, Fitness, Flash Accel, Flash Cache, Flash Pool, FlashRay, FlexArray, FlexCache, FlexClone, FlexPod, FlexScale, FlexShare, FlexVol, FPolicy, GetSuccessful, LockVault, Manage ONTAP, Mars, MetroCluster, MultiStore, NetApp Insight, OnCommand, ONTAP, ONTAPI, RAID-DP, SANtricity, SecureShare, Simplicity, Simulate ONTAP, Snap Creator, SnapCopy, SnapDrive, SnapIntegrator, SnapLock, SnapManager, SnapMirror, SnapMover, SnapProtect, SnapRestore, Snapshot, SnapValidator, SnapVault, StorageGRID, Tech OnTap, Unbound Cloud, and WAFL are trademarks or registered trademarks of NetApp, Inc. in the United States and/or other countries. All other brands or products are trademarks or registered trademarks of their respective holders and should be treated as such.

PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

NETAPP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except par value)

(Unaudited)

	January 23, 2015	April 25, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,539.7	\$ 2,291.0
Short-term investments	2,712.8	2,712.3
Accounts receivable, net of allowances of \$0.8 and \$1.7 as of January 23, 2015 and April 25, 2014, respectively	666.3	855.9
Inventories	117.8	122.4
Other current assets	518.0	489.7
Total current assets	6,554.6	6,471.3
Property and equipment, net	1,050.7	1,108.8
Goodwill	1,031.3	988.1
Other intangible assets, net	105.0	121.5
Other non-current assets	493.1	529.5
Total assets	\$ 9,234.7	\$ 9,219.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 194.2	\$ 247.0
Accrued compensation and benefits	282.6	407.8
Other current liabilities	335.1	386.0
Short-term deferred revenue	1,679.4	1,653.8
Total current liabilities	2,491.3	2,694.6
Long-term debt	1,494.7	995.5
Other long-term liabilities	310.4	296.2
Long-term deferred revenue		