NetApp, Inc.
Form DEF 14A
August 01, 2018

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:

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(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:

NETAPP, INC.

1395 Crossman Avenue

Sunnyvale, California 94089

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 13, 2018 at 3:30 p.m. local time, at NetApp s headquarters, 1395 Crossman Avenue, 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 2019 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified: T. Michael Nevens, Gerald Held, Kathryn M. Hill, Deborah L. Kerr, George Kurian, Scott F. Schenkel, George T. Shaheen 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 9,000,000 shares of common stock;

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

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

5. To ratify the appointment of Deloitte & Touche LLP as NetApp s independent registered public accounting firm for the fiscal year ending April 26, 2019;

6. To ratify the stockholder special meeting provisions in NetApp s bylaws; and

7. 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, 2018, 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 24, 2018, 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.

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, 2018

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

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 director nominees	FOR each nominee	63
Approval of an amendment to NetApp s Amended and Restated 1999 Stock Option Plan	FOR	64
Approval of an amendment to NetApp s Employee Stock Purchase Plan	FOR	75
Advisory approval of our executive compensation	FOR	81
Ratification of appointment of independent registered public accounting firm	FOR	83

Ratification of the stockholder special meeting provisions in NetApp s bylaws	FOR	85

Fiscal 2018 Business Highlights

In fiscal 2018, NetApp generated $5.9 billion in net revenues. GAAP net income for fiscal 2018 was $76 million, or $0.28 per share,[1] and was impacted by a one-time charge of approximately $850 million primarily as a result of the one-time mandatory transition tax on accumulated foreign earnings required under the 2017 Tax Reform Reconciliation Act. Non-GAAP net income in fiscal 2018 was $957 million, or $3.47 per share.[2] Over the course of the year, we generated $1.48 billion in cash flows from operations. We also returned approximately $1.01 billion to stockholders, comprised of approximately $794 million through share repurchases and $214 million through dividends. Through share repurchases and dividends, we have returned approximately $6.5 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.

In fiscal 2018, NetApp continued to advance its Data Fabric Strategy. In a world where technology is changing our everyday lives, digital transformation remains top of mind for executives. When successful in their digital transformation, organizations use technology to create new customer touchpoints, reinventing customer experiences and relationships through business-oriented approaches to data. Additionally, organizations are able to create innovative business opportunities, taking advantage of emerging market opportunities by rapidly deploying new technologies, optimizing operations and adopting an operating model that provides efficiencies and funds new innovation. NetApp delivers a Data Fabric built for the data-driven world. Our Data Fabric simplifies and integrates data management across Clouds and On-premises to accelerate digital transformation, enabling our customers to manage, secure and protect their data at the scale needed to accommodate the exponential data growth of the digital world. The Data Fabric delivers integrated data management services and applications 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 2018 Company Performance* section within our *Compensation Discussion and Analysis* on page 27 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 27, 2018.

Corporate Governance and Executive Compensation

Director Nominees

Name of Nominee	Age	Director Since	Independent	NetApp Committee Memberships
T. Michael Nevens*	68	2009	Yes	Audit, Corporate Governance and Nominating (Chair)
Gerald Held	70	2009	Yes	Compensation
Kathryn M. Hill	61	2013	Yes	Compensation (Chair), Corporate Governance and Nominating
Deborah L. Kerr	46	2017	Yes	Audit

George Kurian	51	2015	No	
Scott F. Schenkel	50	2017	Yes	Audit
George T. Shaheen	74	2004	Yes	Compensation
Richard P. Wallace	58	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. Since the 2017 Annual Meeting of Stockholders (2017 Annual Meeting), in response to feedback from our stockholders, we adopted proxy access bylaws and agreed to share diversity data on our website, which we will update annually. We also adopted bylaw provisions providing stockholders holding at least 25% of the outstanding stock of the Company the right to request special stockholder meetings, which we are asking stockholders to ratify in the Annual Meeting.

Governance and executive compensation highlights include:

Other than the Chief Executive Officer, our Board comprises all independent directors (8 out of 9 directors);

Separation of the roles of Chairman and Chief Executive Officer;

Four new directors joined the Board in the last five years;

Increased board diversity;

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;

Proxy access bylaws;

Stockholder right to call special meeting;

Performance-based equity compensation;

Annual say-on-pay vote;

Director and executive stock ownership guidelines;

Anti-hedging and anti-pledging policies;

- Compensation clawback policy;
- Diversity data posted on Company website;
- Board involvement in setting long-term corporate strategy;
- Board oversight of risk management, including financial, operational, strategic, privacy, data security, legal and regulatory risks;
- 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 14 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 27 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, woul anticipate, expect, believe, or similar words, in 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 and any additional risk factors disclosed in Item 1A (Risk Factors) of Part II of our Quarterly Report on Form 10-Q for the quarter ended July 27, 2018. 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 and our Quarterly Report on Form 10-Q, as well as other important factors.

PROXY STATEMENT

1395 Crossman Avenue

Sunnyvale, California 94089

FOR THE ANNUAL MEETING OF STOCKHOLDERS OF

NETAPP, INC.

To Be Held Thursday, September 13, 2018

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 2018 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, 2018 (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 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 13, 2018, at 3:30 p.m. local time at the Company s headquarters at 1395 Crossman Avenue, 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 261,545,628 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, 5, and 6 requires the affirmative vote of a majority of the stock having voting power present in person or represented by proxy. 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.

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 the nominees named in Proposal No. 1; and

- FOR Proposal Nos. 2, 3, 4, 5 and 6.

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 No. 1, 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. 5 is considered a routine matter. Proposal Nos. 1, 2, 3, 4 and 6 are considered non-routine matters.

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 27, 2018 (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 2018 began on April 29, 2017 and ended on April 27, 2018 (fiscal 2018). 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 D.F. King, & Co., an AST company, a professional proxy solicitation firm, to assist in the solicitation of proxies from stockholders of the Company. D.F. King, an AST company, may solicit proxies by personal interview, mail, telephone, facsimile, email, or otherwise. The Company expects that it will pay D.F. King a customary fee, estimated to be approximately $11,000, 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 2019 Annual Meeting. Stockholders may also recommend candidates for election to our Board of Directors for the 2019 Annual Meeting (see *Corporate Governance Corporate Governance and Nominating Committee*).

Proposals to be Considered for Inclusion in NetApp s Proxy Materials

Pursuant to Rule 14a-8 under the Exchange Act, stockholder proposals may be included in our 2019 Proxy Statement. Any such stockholder proposals must be submitted in writing to the attention of the Corporate Secretary, NetApp, Inc., 1395 Crossman Avenue, Sunnyvale, California 94089, no later than April 3, 2019, which is 120 calendar days prior to the first anniversary of the mailing date of this Proxy Statement.

Director Nominations for Inclusion in NetApp s Proxy Materials (Proxy Access)

Under the Company s proxy access bylaw, a stockholder (or a group of up to 20 stockholders) owning at least 3% of the Company s outstanding stock continuously for at least three years may nominate and include in the Company s annual meeting materials director nominees constituting up to the greater of two directors or twenty percent of the Board, provided that the stockholders and nominees satisfy the requirements specified in the bylaws. Notice of a proxy access nomination for consideration at our 2019 Annual Meeting must be received no later than April 3, 2019 and no earlier than March 4, 2019.

Other Proposals and Nominations

Under the Company s bylaws, a proposal that a stockholder intends to present for consideration at the 2019 Annual Meeting but does not seek to include in the Company s proxy materials for the 2019 Annual Meeting (including the nomination of an individual to serve as a director other than pursuant to our proxy access bylaw as described immediately above) must be received by the Corporate Secretary (at the address specified in the preceding paragraph) not less than 120 calendar days nor more than 150 days prior to the date of the 2019 Annual Meeting. The stockholder s submission must include the information specified in the Company s bylaws.

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 2019 Annual Meeting.

The name, age and position of each of the Company s directors as of August 1, 2018 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. Mr. Earhart will be retiring from the Board at the Annual Meeting and is not standing for election. The Board thanks him for his distinguished service.

Name of Director	Age	Position	Director Since
T. Michael Nevens*	68	Chairman of the Board	2009
Alan L. Earhart*	74	Director	2004
Gerald Held*	70	Director	2009
Kathryn M. Hill*	61	Director	2013
Deborah L. Kerr*	46	Director	2017
George Kurian	51	Director	2015
Scott F. Schenkel*	50	Director	2017
George T. Shaheen*	74	Director	2004
Richard P. Wallace*	58	Director	2011

*Denotes Independent Director

T. MICHAEL NEVENS has been a member of our 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 our 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. Mr. Earhart currently serves on the board of directors of TiVo Corporation (formerly known as Rovi Corporation), and is an independent consultant and retired partner of PricewaterhouseCoopers. He served on the board of Brocade Communication Systems, Inc. until its acquisition by Broadcom Ltd. in November 2017. 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 has 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 our 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 of 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. 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 our 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.

DEBORAH L. KERR has been a member of our Board since November 2017. Ms. Kerr is a proven technology leader in the software industry with more than 25 years of diverse management experience. Since October 2017, Ms. Kerr has served as a Senior Advisor to Warburg Pincus. Previously, Ms. Kerr served as the Executive Vice President and Chief Product and Technology Officer at Sabre Corporation from 2013 to 2017. Prior to her appointment at Sabre Corporation, Ms. Kerr served as Executive Vice President, Chief Product and Technology Officer at FICO from 2009 until 2012. Ms. Kerr previously held senior leadership roles with Hewlett-Packard, Peregrine Systems and NASA s Jet Propulsion Laboratory. Ms. Kerr serves on the boards of EXLService Holdings, Chico s FAS, Inc. and International Airlines Group. From 2013 to 2017, Ms. Kerr served on the board of DH Corporation and previously served on the board of Mitchell International. Ms. Kerr holds a M.S. degree in Computer Science and B.A. degree in Psychology.

Our Board selected Ms. Kerr to serve as a director because she has significant experience leading product and technology organizations across various industries. She brings to the Board extensive leadership, product and technology experience, including broad knowledge of product management, marketing, development, IT, operations, technology strategy and trends, and expertise in cloud and digital. Our Board believes that this experience, as well as Ms. Kerr s service on the boards of other public companies, 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 B.S. degree in electrical engineering from Princeton University and an M.B.A. degree from Stanford University.

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.

SCOTT F. SCHENKEL has been a member of our Board since November 2017. Since 2015, Mr. Schenkel has served as Senior Vice President and Chief Financial Officer of eBay Inc., leading finance, analytics and information technology, as well as eBay s Classifieds business unit. Previously, he spent six years as Senior Vice President and Chief Financial Officer of eBay Marketplace, where he was responsible for finance, analytics, strategy and innovation. Scott joined eBay in 2007 as Vice President of Global Financial Planning and Analytics. Previously, Scott spent nearly 17 years at General Electric in a variety of finance roles. He served as Chief Financial Officer of GE Healthcare Clinical Systems, Chief Financial Officer for GE Plastics Europe and Chief Financial Officer of GE Lighting Europe. Mr. Schenkel spent more than six years with GE s Corporate Audit group and began his career as part of GE s Financial Management Program. Mr. Schenkel received his B.S. degree from Virginia Polytechnic Institute and State University s Pamplin College of Business.

Our Board selected Mr. Schenkel because he has more than 25 years of extensive business and financial leadership expertise across technology and commerce industries. Mr. Schenkel brings to our Board a deep knowledge of financial and accounting issues, operational expertise and a wealth of experience with financial planning and analytics, strategy, audit, mergers and acquisitions, acquisition integration, Six Sigma and process improvement. Mr. Schenkel qualifies as an audit committee financial expert under the rules and regulations of the SEC.

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. degree 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.

RICHARD P. WALLACE has been a member of our 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 currently serves on the board of Proofpoint, Inc. He 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.

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. Eight of our nine directors are independent, including our Chairman of the Board. Within the last five years, the Company has added four new independent directors to our Board and increased Board diversity.

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 consists of nine directors, eight 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.

Strategy and Risk Oversight

Our Board oversees and contributes to the formation of the Company s strategy and provides oversight of management s execution and refinement of our strategic plans. The Board engages in discussions regarding our corporate strategy at every Board meeting and, at least annually, receives a formal update on the company s short- and long-term objectives, including the company s operating plan and long-term strategic plan.

Our Board, as a whole and through its committees, also 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, our compliance with legal, regulatory and public disclosure requirements, our enterprise risk management program, and our initiatives related to cybersecurity, including prevention and monitoring; 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 and March 2018, 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 non-employee 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
- 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.

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

Oversight, evaluation and approval of the compensation of the Company s Chief Executive Officer, other executive officers and non-employee directors

Review and approval of the Company s compensation and benefits plans and programs in accordance with the Compensation Committee charter

Oversight of the management of risks associated with the Company s compensation policies and programs

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:

Oversight of the integrity of the Company s financial statements and adequacy of the Company s internal controls

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 quality of the internal audit function of the Company, which reports directly to the Audit Committee

Oversight of compliance with legal, regulatory and public disclosure requirements

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 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, professional search firms. 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. The Corporate Governance and Nominating Committee will retain the services of an executive search firm to assist it in identifying new candidates to join the Board.

A stockholder meeting the ownership requirements in our bylaws, including our proxy access bylaw, who desires to nominate a candidate for election to our Board must direct the nomination in writing to NetApp, Inc., 1395 Crossman Avenue, Sunnyvale, California 94089, Attention: Corporate Secretary in the time periods prescribed by the Company s bylaws. The nomination 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 and age; home and business contact information; principal occupation or employment and the name, type of business and address of the nominee s employer; information regarding the nominee s and the nominating person s ownership of Company stock; a description of any arrangement or understanding of the nominee and the nominating person with each other or any other person regarding future employment or any future transaction to which the Company will or may be a party; and a written consent to be nominated and written statement that, if nominated, such candidate will tender an irrevocable advance resignation in accordance with the Company s Corporate Governance Guidelines. As detailed in the Company s bylaws, every nominee, whether nominated by the Board or a stockholder, must also deliver to the

Company s Corporate Secretary certain written representations and agreements, including a representation and agreement regarding such person s agreement, arrangements or understandings with any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question.

Meetings and Committees of our Board of Directors

Our Board held seven meetings and also acted by written consent during fiscal 2018. During fiscal 2018, each member of our Board attended at least 75% of the aggregate of (1) the total number of meetings of our Board held during fiscal 2018; 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 2018 during which such director served on our Board or such committees, as applicable, other than Deborah L. Kerr, who was appointed in November 2017 and attended 62.5% of such meetings. In addition, five of the nominees attended 100% of the Board meetings and meetings of the committees on which such director served.

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 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.

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**
Alan L. Earhart	**Chair**		
Gerald Held			
Kathryn M. Hill		**Chair**	
Deborah L. Kerr			
Scott F. Schenkel			
George T. Shaheen			

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 Schenkel 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 ten meetings during fiscal 2018.

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 each member qualifies as an outside director within the meaning of Section 162(m) of the Internal Revenue Code, as amended. The Compensation Committee establishes salaries, incentive and equity 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 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 six meetings during fiscal 2018.

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 *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 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 five meetings during fiscal 2018.

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 2017, all of the directors then serving attended the 2017 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., 1395 Crossman Avenue, 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.

The Compensation Committee evaluates the compensation and form of compensation for non-employee 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, the same group used for our executive compensation review, including cash compensation, equity compensation and stock ownership requirements. Non-employee director compensation is generally targeted at the market median and is periodically adjusted to maintain alignment with market and peer director pay practices. Non-employee 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 2018.

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	245,117					425,117
Jeffry R. Allen (4)	26,667						26,667
Alan L. Earhart	120,000	245,117					365,117
Gerald Held	75,000	245,117					320,117
Kathryn M. Hill	99,632	245,117					344,749
Deborah L. Kerr	44,667	246,720					291,387
Scott F. Schenkel	44,667	246,720					291,387
George T. Shaheen	75,000	245,117					320,117
Stephen M. Smith (5)	56,250	245,117					301,367
Robert T. Wall (4)	35,833						35,833
Richard P. Wallace	75,000	245,117					320,117
George Kurian (6)							

(1) The amounts in this column represent compensation that was earned in fiscal 2018. 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 2018 were paid in the last quarter of fiscal 2017 and are included in this table. A portion of the fees earned during the first quarter of fiscal 2019 were paid in the last quarter of fiscal 2018 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 non-employee director.

(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 non-employee directors as of April 27, 2018:

Name	# of Outstanding Options (in Shares)	# of RSUs (in Shares)	Total Equity Awards Outstanding
T. Michael Nevens	22,831	6,150	28,981
Alan L. Earhart		14,066	14,066
Gerald Held	36,916	38,176	75,092
Kathryn M. Hill	26,997	6,150	33,147
Deborah L. Kerr		5,456	5,456
Scott F. Schenkel		5,456	5,456
George T. Shaheen		29,976	29,976
Richard P. Wallace		29,154	29,154

(4) Messrs. Allen and Wall did not stand for re-election at the 2017 Annual Meeting and did not receive RSUs.

(5) Mr. Smith forfeited his RSUs in connection with his resignation from the Board in February 2018.

(6) During fiscal 2018, 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 non-employee directors as of the end of fiscal 2018:

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 June 2018, in accordance with its annual practice, the Compensation Committee evaluated the compensation for non-employee directors, including benchmarking the directors cash and equity compensation against our Compensation Peer Group (as disclosed on page 32 of this Proxy Statement) modified to exclude SAP SE because it is a foreign company with limited public disclosure. In connection with this evaluation, the Compensation Committee reviewed the annual cash retainer, the annual equity grant, fees for committee services, grants on initial appointment, and stock ownership guidelines for our non-employee directors. The Compensation Committee surveyed market median total compensation for directors of peer companies and of companies in the broader technology market, average compensation per director of peer companies, premiums paid for committee chair positions against competitive market medians, the timing of cash compensation payments, and director equity grant practices and vesting provisions of peer companies. The Compensation Committee determined, with the assistance of its independent advisor, that the cash retainer for our non-employee directors was below the cash retainer of peer companies, and that paying quarterly cash payments in arrears was more consistent with peer pay practices. Accordingly, effective September 1, 2018, the annual cash retainer to our non-employee directors will be increased from $60,000 to $75,000, and quarterly cash payments to directors will be paid in arrears.

Our non-employee 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. Since fiscal 2016, all non-employee director automatic annual equity grants have been in the form of RSUs.

Following the 2017 Annual Meeting of Stockholders, each of the individuals re-elected as a non-employee director received a number of RSUs as indicated in the table below with respect to their automatic annual equity awards. In addition, Ms. Kerr and Mr. Schenkel received the grants reflected in the table below in connection with their respective appointments in November 2017. Mr. Smith forfeited his RSUs in connection with his resignation from the Board in February 2018.

Name	RSUs	Stock Option Grants (in Shares)	Stock Option Exercise Price ($)	Grant Date
T. Michael Nevens	6,150			September 14, 2017
Alan L. Earhart	6,150			September 14, 2017
Gerald Held	6,150			September 14, 2017
Kathryn M. Hill	6,150			September 14, 2017
Deborah L. Kerr	5,456			November 15, 2017
Scott F. Schenkel	5,456			November 15, 2017
George T. Shaheen	6,150			September 14, 2017
Stephen M. Smith	6,150			September 14, 2017
Richard P. Wallace	6,150			September 14, 2017

A newly elected or appointed non-employee director receives a 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 in or after February of the applicable year). Because Ms. Kerr and Mr. Schenkel were appointed after February of the 2017-2018 Board year, they each received grants valued at approximately $125,000.

Equity awards for non-employee 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.

Each non-employee 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 non-employee directors, which allows each non-employee 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 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 non-employee director, but rather to give the non-employee 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.

To the Company s knowledge, the following table sets forth certain information regarding beneficial ownership of the Company s common stock as of July 15, 2018, except as otherwise set forth below, 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., 1395 Crossman Avenue, 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	39,985,620	15.3%
The Vanguard Group(3) 100 Vanguard Boulevard Malvern, PA 19355	27,603,758	10.6%
BlackRock, Inc.(4) 55 East 52nd Street New York, NY 10055	20,282,566	7.8%
Vanguard Chester Funds Vanguard Primecap Fund(5) 100 Vanguard Boulevard Malvern, PA 19355	14,494,500	5.5%
George Kurian(6)	137,439	*
Ronald J. Pasek(7)	60,735	*
Joel D. Reich(8)	34,160	*
Henri P. Richard(9)	74,382	*
Matthew K. Fawcett(10)	39,668	*
T. Michael Nevens(11)	49,951	
Alan L. Earhart(12)	18,971	*
Gerald Held(13)	35,807	*
Kathryn M. Hill(14)	26,910	*
Deborah L. Kerr	0	*
Scott F. Schenkel(15)	5,456	
George T. Shaheen(16)	6,150	*
Richard P. Wallace(17)	7,132	*
All current directors and executive officers as a group (13 persons)(18)	496,761	*

* Less than 1%

(1) Percentage of Class is based on 261,291,505 shares of common stock outstanding on July 15, 2018. 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 15, 2018 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. This table does not include the vested options or RSUs held by our directors for which release has been deferred. 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. 5 to the Schedule 13G filed with the SEC on February 27, 2018 by PRIMECAP Management Company which reported sole voting power with respect to 12,712,995 of such shares of common stock and sole dispositive power with respect to all 39,985,620 shares of common stock.

(3) Information concerning stock ownership was obtained from Amendment No. 4 to the Schedule 13G filed with the SEC on February 9, 2018 by The Vanguard Group which reported sole voting power with respect to 384,007 of such shares of common stock and sole dispositive power with respect to 27,176,698 shares of common stock.

(4) Information concerning stock ownership was obtained from Amendment No. 6 to the Schedule 13G filed with the SEC on February 8, 2018 by BlackRock, Inc. which reported sole voting power with respect to 17,284,654 of such shares of common stock and sole dispositive power with respect to all 20,282,566 shares of common stock.

(5) Information concerning stock ownership was obtained from Amendment No. 1 to the Schedule 13G filed with the SEC on February 2, 2018 by Vanguard Chester Funds Vanguard Primecap Fund which reported sole voting power with respect to 14,494,500 of such shares of common stock and sole dispositive power with respect to all 0 shares of common stock.

(6) Consists of 137,439 shares of common stock held of record by Mr. Kurian.

(7) Consists of 60,735 shares of common stock held of record by Mr. Pasek.

(8) Consists of (i) 7,760 shares of common stock held of record by Mr. Reich; and (ii) 26,400 shares of common stock issuable to Mr. Reich upon exercise of outstanding stock options exercisable within 60 days of July 15, 2018, all of which were fully vested as of such date.

(9) Consists of 74,382 shares of common stock held of record by Henri Richard and Gay Richard *JWTROS*.

(10) Consists of 39,668 shares of common stock held of record by Mr. Fawcett.

(11) Consists of (i) 20,970 shares of common stock held of record by The Nevens Family 1997 Trust; (ii) 22,831 shares of common stock issuable to Mr. Nevens upon exercise of outstanding stock options exercisable within 60 days of July 15, 2018, all of which were fully vested as of such date; and (iii) 6,150 shares of common stock issuable to Mr. Nevens upon the vesting of RSUs within 60 days of July 15, 2018.

(12) Consists of (i) 12,821 shares of common stock held of record by Mr. Earhart; and (ii) 6,150 shares of common stock issuable to Mr. Earhart upon the vesting of RSUs within 60 days of July 15, 2018.

(13) Consists of (i) 7,391 shares of common stock held of record by Mr. Held; and (ii) 28,416 shares of common stock issuable to Mr. Held upon exercise of outstanding stock options exercisable within 60 days of July 15, 2018, of which were fully vested as of such date.

(14) Consists of (i) 20,760 shares of common stock held of record by Kathryn Hill Trustee of the Kathryn Hill 2007 U/A/D 1/10/2007 Reserve Account; and (ii) 6,150 shares of common stock issuable to Ms. Hill upon the vesting of RSUs within 60 days of July 15, 2018.

(15) Consists of 5,456 shares of common stock issuable to Mr. Schenkel upon the vesting of RSUs within 60 days of July 15, 2018.

(16) Consists of 6,150 shares of common stock issuable to Mr. Shaheen upon the vesting of RSUs within 60 days of July 15, 2018.

(17) Consists of 7,132 shares of common stock held of record by Mr. Wallace.

(18) Consists of (i) 389,058 shares of common stock held of record by our current directors and executive officers; (ii) 77,647 shares of common stock issuable upon the exercise of outstanding options held by our directors and exercisable within 60 days of July 15, 2018, all of which were fully vested as of such date; and (iii) 30,056 shares of common stock issuable upon the vesting of RSUs within 60 days of July 15, 2018.

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 2018, its executive officers, directors and greater than 10% stockholders complied with all Section 16 filing requirements, except a late Form 4 filed by Mr. Richard on July 20, 2017 reporting a sale of Company stock and a late Form 4 filed by Mr. Reich on November 20, 2017 reporting a release of RSUs.

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 2018 were:

- George Kurian, Chief Executive Officer and President
- Ronald J. Pasek, Executive Vice President and Chief Financial Officer
- Joel D. Reich, Executive Vice President and General Manager, NetApp Storage Systems and Software business unit
- 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.

Executive Summary

NetApp is the data authority for the hybrid cloud. We provide a full range of hybrid cloud data services that simplify management of applications and data across cloud and on-premises environments. Together with our partners, we empower global organizations to unleash the full potential of their data.

Fiscal 2018 Company Performance

Fiscal 2018 was an important milestone in NetApp s transformation. We successfully pivoted to the growth areas of the market and improved operational discipline to deliver sustained and profitable growth. Through a focus on execution, we grew total revenue by 7%, while improving both gross and operating margins from fiscal year 2017. Most notably, product revenue grew 15% and we expanded product gross margins by 350 basis points. Growth in revenue from strategic solutions was strong and revenue from mature solutions stabilized, as expected.

- Our net revenues increased 7% in fiscal 2018 compared to fiscal 2017, primarily due to an increase of 15% in product revenues, partially offset by a 3% decrease in software and hardware maintenance and other services revenues.

Our Strategic solutions,[3] 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 2018, these solutions grew to 71% of net product revenue and grew at a rate of 24% from fiscal 2017. As expected, 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.

Our GAAP gross margin was 62.6% in fiscal 2018 and 61.4% in fiscal 2017. Our non-GAAP gross margin improved to 63.4% in fiscal 2018, from 62.3% in fiscal 2017, driven by a 350 basis point increase in product gross margin[4].

GAAP operating margin was 19.0% in fiscal 2018 and 12.0% in fiscal 2017. The combination of revenue growth and cost rationalization enabled NetApp to improve Non-GAAP operating margin to 19.0% in fiscal 2018, from 17.2% in fiscal 2017[4].

[3] Strategic solutions include Clustered ONTAP, branded E-Series, SolidFire, converged and hyper-converged infrastructure, 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.

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

Below is a brief summary of our financial performance for fiscal 2018 compared to fiscal 2017:

Financial Performance	Fiscal 2017	Fiscal 2018	Change
Net revenues	**$5.52 billion**	**$5.91 billion**	**7%**
GAAP gross margin	**61.4%**	**62.6%**	**1.2 p.p**
Non-GAAP gross margin[5]	**62.3%**	**63.4%**	**1.1 p.p.**
GAAP operating margin	**12.0%**	**19.0%**	**7.0 p.p**
Non-GAAP operating margin[5]	**17.2%**	**19.0%**	**1.8 p.p.**
Cash flows from operations	**$986 million**	**$1,478 million**	**49.9%**

The Company paid cash dividends of $0.20 per outstanding common share in each quarter of fiscal 2018 for an aggregate of $214 million in cash dividends. We repurchased and retired 15 million shares of our common stock for an aggregate of $794 million, bringing our total cash returned to stockholders to approximately $1.01 billion in fiscal 2018. We closed fiscal 2018 with $5.39 billion in cash and short-term investments.

Total Stockholder Return Performance

As reflected in the table below, our strong financial performance resulted in an annualized total stockholder return (TSR) performance that compares well against the S&P 500 Information Technology Index and S&P 500 Index.

Annualized Total Stockholder Return		
	1-Year (%)	**3-Year (%)**
	Fiscal 2018	**Fiscal 2016 Fiscal 2018**
NetApp, Inc.	**65%**	**24%**
S&P 500 Information	**27%**	**18%**

Technology Index		
S&P 500 Index	**12%**	**8%**

Compensation Objectives and Key Fiscal 2018 Compensation Actions

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 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, 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 2018:

Executive Incentive Compensation Plan (ICP)

In fiscal 2018, the cash awards under the Executive Incentive Compensation Plan (ICP) were tied to both Company financial and individual performance goals for fiscal 2018. In fiscal 2018, the Company adjusted non-GAAP

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

operating profit to include stock-based compensation expense for purposes of determining incentive compensation, including executive incentive compensation. The Compensation Committee believes that this change incents conservative management of equity compensation. Based on the translation of performance relative to target Company financial goals, the executive incentive compensation pool was funded at 157.5% of target in fiscal 2018. See *Components of Compensation- Executive ICP* on page 33.

Long-Term Stock-Based Incentive Compensation

In fiscal 2018, the Compensation Committee granted performance-based restricted stock units (PBRSUs) and time-based restricted stock units (RSUs) to all of our NEOs. The target mix of equity awards was 75% PBRSUs and 25% RSUs for the CEO and 60% PBRSUs and 40% RSUs for the other NEOs. Half of the PBRSUs granted to each NEO in fiscal 2018 are scheduled to vest at the end of two years and the remaining PBRSUs are scheduled to vest at the end of three years. The PBRSU awards are earned based on NetApp s relative TSR compared to the median TSR of companies listed on the S&P 1500 Composite Technology Hardware and Equipment Index and are intended to align the interests of the NEOs with the Company s stockholders with respect to the long-term performance of the Company.

With respect to the PBRSUs granted in fiscal 2016 that vested in fiscal 2018, as a result of strong relative TSR, Mr. Kurian earned 163.3% of such PBRSUs and the other NEOs that received such grants earned 160.0% of such PBRSUs, based on NetApp s relative TSR performance against the companies in the applicable index. Mr. Kurian s share award as a percentage of target differed from that of the other NEOs because Mr. Kurian received his PBRSU award at a later date than the other NEOs due to his promotion to CEO in June 2016. With respect to the PBRSUs granted in fiscal 2017 that vested in fiscal 2018, the NEOs earned 200.0% of such PBRSUs, based on NetApp s strong relative TSR performance against the companies in the applicable index.

For fiscal 2019, executives will receive PBRSUs that vest at the end of three years based on the achievement of a cumulative Adjusted Operating Income measure (weighted 50%), consistent with how Adjusted Operating Income is measured for the Executive ICP, in addition to relative TSR (weighted 50%). In addition, instead of measuring the performance objectives against the performance of an index, performance will be measured against a selected group of peer companies to increase the relevance of the benchmark to our business. See *Components of Compensation-Long-Term Stock Based Incentive Compensation* on page 36.

Key Elements of Fiscal 2018 Compensation

The following table describes the elements of our fiscal 2018 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, tenure and competitive market data**
Variable; annual; performance-based	**Executive Incentive Compensation**	**Cash incentive tied to achievement of 2018 operating profit, revenue and individual 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**	**Targets based on competitive market data and CEO recommendations**
Fixed; long-term	**Time-Based RSUs**	**Vest annually in equal installments over four years**	**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; long-term; performance- based	**PBRSUs**	**50% of PBRSUs vest after a two-year performance period and 50% vest after a three-year performance period based on our TSR compared to the S&P 1500 Technology Hardware and Equipment Index**	**Provides strong alignment between the interests of the NEOs and the stockholders**	**Competitive market data and CEO recommendations**

Our Process for Determining and Administering Our Compensation Program

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 the advice and counsel of Farient Advisors LLC (Farient), the Compensation Committee s independent compensation consultant. In fiscal 2018, Farient provided information and guidance on our compensation strategy, peer group, competitive pay levels and pay practices, investor trends, alignment between our executive pay and performance, design of our incentive plans, including performance measures and goals, our annual compensation risk assessment, and Board compensation. 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 input from our CEO regarding all elements of the 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 compensation recommendations for the executives consistent with our pay principles. His recommendations are based on his assessment of each NEO s responsibilities and 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 composed 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.

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, and, following the recommendation of our stockholders on frequency of votes at the 2017 Annual Meeting, we will continue to do so. 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 97% of the stockholder votes cast on this proposal (excluding broker non-votes) in our September 2017 meeting were 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. Although the Compensation Committee s consideration of fiscal 2018 executive compensation occurred earlier than September 2017, with compensation for most elements established by June 2017, deliberations of fiscal 2018 compensation did consider stockholder views on performance-based equity compensation. The Compensation Committee will 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.

Competitive Market Data

To establish the market rate of pay for 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 2018, 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. To determine pay levels, the Compensation Committee focused on a set of technology companies where the median revenue of the group approximates NetApp s revenue and the business model characteristics of the group most closely resemble those of NetApp. The Compensation Committee also used relevant subsets of these peers to investigate certain other pay practices, including the mix of compensation vehicles and measures used in incentive plans.

The fiscal 2018 Compensation Peer Group consisted of:

Adobe Systems Inc.	Hitachi Data Systems	Oracle Corp.
Alphabet Inc.	Intel Corporation	Pure Storage
Amazon Web Services	International Business Machines Corp.	QLogic Corp.
Apple Inc.	Intuit Inc.	QUALCOMM Incorporated
BMC Software	Juniper Networks, Inc.	Red Hat, Inc.
Broadcom Corporation	KLA-Tencor Corp.	Salesforce.com

Brocade Communications Systems, Inc.	Logitech International	SanDisk Corp.
CA Technologies	Marvell Technology	SAP SE
Cisco Systems, Inc.	Micron Technology	Seagate Technology
Citrix Systems, Inc.	Microsoft Corporation	Symantec Corporation
CommVault Systems, Inc.	Nimble Storage	Teradata Corporation
Dell/EMC	Nutanix	VMware, Inc.
Hewlett-Packard Enterprise Company	Open Text	Western Digital Corp.
		Yahoo! Inc.

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 each 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 Compensation Committee then applied its judgment in determining proper levels of each component of compensation for NEOs. The end result for fiscal 2018 was a total compensation package for NEOs targeted at between the 50th and 65th percentile for total compensation relative to the Compensation Peer Group. 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, or 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

The Compensation Committee determined that increases in the NEOs base salaries were merited due to their individual performance and leadership during the first phase of the Company s transformation, as well as strong stockholder returns and to maintain market competitiveness. The fiscal 2018 base salaries were as follows:

Name	Fiscal 2017 Base Salary	Fiscal 2018 Base Salary	Percentage Increase
George Kurian	**$875,000**	**$925,000**	**5.7%**
Ronald J. Pasek	**$550,000**	**$585,000**	**6.4%**
Joel D. Reich	**$475,000**	**$513,000**	**8.0%**
Henri Richard	**$550,000**	**$575,000**	**4.5%**

Matthew K. Fawcett	**$500,000**	**$520,000**	**4.0%**

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. In fiscal 2018, the cash awards under the Executive ICP were tied to achievement of both Company and individual annual 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. This plan was designed to, among other things, satisfy the requirements for 162(m) deductibility of performance-based executive compensation expenses, however, except for certain grandfathered arrangements, the performance-based compensation exemption was eliminated as of January 1, 2018 with the passage of the Tax Cuts and Jobs Act of 2017.

Target Awards

Target Executive ICP awards for NEOs are set so that target total short-term cash compensation (salary plus target Executive ICP award) is between the 50th and 65th percentile relative to the Compensation Peer Group. For fiscal 2018, our NEOs target total short-term cash compensation was positioned at approximately the median relative to the Compensation Peer Group.

In fiscal 2018, the Compensation Committee increased Mr. Kurian s target Executive ICP award from 160% to 170% of his salary in recognition of his experience and contributions as CEO and the competitive pay position to the market.

Name	Fiscal 2017 Target ICP Award % of Salary	Fiscal 2018 Target ICP Award % of Salary	Increase
George Kurian	**160%**	**170%**	**10 p.p.**
Ronald J. Pasek	**110%**	**110%**	**0 p.p**
Joel D. Reich	**110%**	**110%**	**0 p.p.**
Henri Richard	**110%**	**110%**	**0 p.p.**
Matthew K. Fawcett	**80%**	**80%**	**0 p.p.**

Threshold Goal and Determination of Awards

To earn any award under the Executive ICP for fiscal 2018, NetApp was required to achieve a threshold goal of $436 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 individual Management Business Objectives (MBOs) tied to the Company s strategic business objectives, as further described below.

Once the threshold goal was achieved, the Compensation Committee determined the Executive ICP pool based on company revenue (weighted 1/3rd) and Adjusted Operating Income (weighted 2/3^{rds}). Subject to the limitation of the overall award pool, the Compensation Committee determined awards to each NEO based on a combination of financial performance relative to financial goals (75%) and the achievement by each NEO of their MBOs (25%) as shown below:

Financial Goals

The Compensation Committee believes that the continued use of revenue and operating profit in our Executive ICP drove the right decisions and behaviors. 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. The measures, weighting and rationales for the Financial Goals are as follows:

Measure	Weighting	Rationale
Revenue	**1/3rd**	**Encourage growth and the creation of stockholder value**
Adjusted Operating Income	**2/3rds**	**Encourage effective management of Company resources and the creation of stockholder value**

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 2018, both on an actual and target basis, excluded items that we believe are not reflective of our short-term operating performance, such as amortization of intangible assets, 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. In early fiscal 2018, to incentivize disciplined use of equity by management, the Company adjusted non-GAAP operating profit to include stock-based compensation expense for purposes of determining incentive compensation, including Executive ICP (Adjusted Operating Income). The target Adjusted Operating Income for Executive ICP was set at $872 million. In fiscal 2017, we did not adjust non-GAAP operating profit to include stock-based compensation expense for purposes of calculating Executive ICP. If we had calculated it in the same manner as we calculated Adjusted Operating Income for fiscal 2018 (i.e. including $195 million in stock-based compensation expense), the Adjusted Operating Income for fiscal 2017 would have been $755 million.

Prior to or shortly after the beginning of each fiscal year, including fiscal 2018, the Board approves an annual operating plan (or AOP) that includes a measure of Adjusted Operating Income 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 fiscal 2018 Adjusted Operating Income and revenue goals for Executive ICP were set at the expected level of achievement of the AOP.

For fiscal 2018, the portion (75%) of Executive ICP based on Financial Goals was calculated based on the Company s achievement of revenue and Adjusted Operating Income versus targets, with revenue weighted at one-third and Adjusted Operating Income weighted at two-thirds. In establishing our Adjusted Operating Income and revenue goals, we set the targets shown in the chart below. The target Adjusted Operating Income for Executive ICP was set at $872 million. As noted above, if we had calculated Adjusted Operating Income for fiscal 2017, the actual Adjusted Operating Income for fiscal 2017 would have been $755 million. ( )

	Fiscal 2018 Revenue Goals ($MMs) (1/3rd weighting)	% of Target	% of Target Award	Fiscal 2018 Adjusted Operating Income Goals ($MMs) (2/3rds weighting)	% of Target	% of Target Award
Maximum	**$6,325**	**110%**	**200%**	**$1,003**	**110%**	**200%**
Target	**$5,750**	**100%**	**100%**	**$872**	**100%**	**100%**
Threshold	**$4,888**	**85%**	**25%**	**$698**	**80%**	**20%**

<Threshold	**<$4,888**	**<85%**	**0%**	**<$698**	**<80%**	**0%**
Fiscal 2018 Achievement	**$5,911**	**103%**	**128%**	**$965**	**111%**	**171%**

( ) Amount of awards determined by interpolating for performance between discrete points shown in the table.
In fiscal 2018, the Company achieved 111% of our annual Adjusted Operating Income goal, translating into 171% of the target award, and 103% of our annual target revenue goal, translating into 128% 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 157.5% of target.

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 targets, which results were applied to 25% and 50% respectively of their award and the executive s achievement of their MBOs and associated performance rating, which determined the payout percentage (0% to 200%) for the 25% of their target award allocated based on their individual MBOs.

Individual MBOs

For fiscal 2018, the 25% of the Executive ICP pool was allocated to awards based on individual performance, as measured by the achievement of an executive s individual MBOs, 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) Acquire new customers; (2) Win with the portfolio and become the hybrid cloud data leader; (3) Transform to excel operationally; and (4) Accelerate the organizational foundation.

At the end of fiscal 2018, Mr. Kurian considered each NEO s achievement of his or her MBOs 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 of between 0% and 200% for each NEO of such NEO s target individual MBO. 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 achievement of his MBOs. At the end of fiscal 2018, 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.

Based on the level of performance described above on both the Company and individual performance metrics for fiscal 2018, 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 2018 Executive ICP	Actual Award as a % of Target Award
George Kurian	**$1,572,500**	**$1,179,375**	**157.5%**	**$393,125**	**114%**	**$1,857,516**	**$450,000**	**$2,307,516**	**147%**
Ronald J. Pasek	**$643,500**	**$482,625**	**157.5%**	**$160,875**	**120%**	**$760,134**	**$193,050**	**$953,184**	**148%**
Joel D. Reich	**$564,300**	**$423,225**	**157.5%**	**$141,075**	**85%**	**$666,579**	**$119,914**	**$786,493**	**139%**
Henri Richard	**$632,500**	**$474,375**	**157.5%**	**$158,125**	**150%**	**$747,141**	**$237,188**	**$984,328**	**156%**

Matthew K. Fawcett	**$416,000**	**$312,000**	**157.5%**	**$104,000**	**100%**	**$491,400**	**$104,000**	**$595,400**	**143%**

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 were targeted, on average, at approximately 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 several factors, including the NEO s current position, level of performance, strategic importance to the Company, potential for future responsibility and promotion over time, as well as the remaining share reserve under the Company s equity plan. The Compensation Committee 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 2018, the Compensation Committee granted PBRSUs and RSUs to all of our NEOs. As shown in the chart below, the target mix of equity awards was 75% PBRSUs and 25% RSUs for the CEO and 60% PBRSUs and 40% RSUs for the other NEOs. We believe that this mix of long-term 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 2018 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), composed of 78 companies at the beginning of the performance period.

As depicted in the chart above, the fiscal 2018 PBRSUs have the following features:

- 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 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 will be 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 will be determined according to the relevant payout schedule.

- The PBRSUs will not vest until the completion of the applicable performance period, and with limited exceptions for death, disability and qualifying retirement, vesting is subject to continued service through the vesting date, which is the last day of each performance period.

The Compensation Committee believes that TSR is an important indicator of the Company s long-term 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 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 performance period for the executives PBRSUs commenced on April 29, 2017 and will conclude at the end of our fiscal 2019 and fiscal 2020, respectively. As a result, the PBRSUs granted in fiscal 2018 were not eligible to vest in fiscal 2018.

The performance period for: (1) the PBRSUs granted in fiscal 2016 with a three-year vesting period and (2) the PBRSUs granted in fiscal 2017 with a two-year vesting period both ended as of April 27, 2018. The Compensation Committee certified the performance and vesting for the NEOs as follows:

Name	Award	Target Number of PBRSUs	PBRSUs Vested	Relative TSR %	% of Target Vested
George Kurian	**Fiscal 2016 3-year**	**85,750**	**140,055**	**19%**	**163.3%**
	Fiscal 2017 2-year	**87,500**	**175,000**	**47%**	**200.0%**
Ronald J. Pasek	**Fiscal 2016 3-year**	**N/A**	**N/A**	**N/A**	**N/A**
	Fiscal 2017 2-year	**23,982**	**47,964**	**47%**	**200.0%**
Joel D. Reich	**Fiscal 2016 3-year**	**18,850**	**30,160**	**18%**	**160.0%**
	Fiscal 2017 2-year	**27,000**	**54,000**	**47%**	**200.0%**
Henri Richard	**Fiscal 2016 3-year**	**N/A**	**N/A**	**N/A**	**N/A**
	Fiscal 2017 2-year	**45,472**	**90,944**	**47%**	**200.0%**
Matthew K. Fawcett	**Fiscal 2016 3-year**	**20,300**	**32,480**	**18%**	**160.0%**
	Fiscal 2017 2-year	**19,500**	**39,000**	**47%**	**200.00%**

The performance period for the fiscal 2016 three-year grants to Messrs. Reich and Fawcett began on April 27, 2015, whereas the performance period for the fiscal 2016 three-year grant to Mr. Kurian began on June 1, 2015 due to his promotion to CEO in June 2015. Messrs. Pasek and Richard were not employees at the time of the fiscal 2016 grants. The performance period for the fiscal 2017 two-year grants to all of the NEOs began on April 30, 2016 and ended on April 27, 2018.

Beginning in fiscal 2019, our executives will receive PBRSUs that vest at the end of three years based on continued employment with the Company and the achievement of a cumulative Adjusted Operating Income measure (weighted 50%), consistent with how Adjusted Operating Income is measured for the Executive ICP, in addition to relative TSR (weighted 50%). In addition, instead of measuring the relative TSR performance objectives against the performance of an index, performance will be measured against a selected group of peer companies to increase the relevance of the benchmark to our business. These changes will result in a uniform three-year vesting period for PBRSUs, instead of the two- and three-year vesting. Having the PBRSUs vest partly based on Adjusted Operating Income instead of completely based on relative TSR will also provide a more direct reward for long-term profitable growth.

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 is reviewed by the Compensation Committee annually and may fluctuate from year to year.

The following chart shows the grants of PBRSUs and RSUs to our NEOs in fiscal 2018.

Name	Target Number of PBRSUs	Maximum Number PBRSUs (1)	RSUs
George Kurian	**170,900**	**341,800**	**57,000**
Ronald J. Pasek	**55,000**	**110,000**	**36,000**
Joel D. Reich	**44,000**	**88,000**	**29,000**
Henri Richard	**57,000**	**114,000**	**38,000**
Matthew K. Fawcett	**30,000**	**60,000**	**20,000**

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

Alignment of Performance and Compensation

Each year the Compensation Committee, on behalf of the Board, requests that Farient evaluate the relationship between our executive compensation and our financial performance and stockholder return. 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 (excluding outliers), and (2) sensitive to the Company s TSR over time. PAC includes our CEO s salary, actual annual incentive compensation, the performance-adjusted value of long-term incentives, averaged over three-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 three-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 three-year period.

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. Although our CEO s fiscal 2018 PAC was above the upper border of the Alignment Zone due to the high level of realizable pay as a result of NetApp s 24% annualized TSR over the three-year period from fiscal 2016 through fiscal 2018, the Compensation Committee considered our CEO s PAC to be reasonable over time.

Based on its review of Farient s analyses, the Compensation Committee was satisfied as to the coherence and integrity of our executive pay program 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 2018 compensation for our NEOs disclosed in the *Summary Compensation Table* below.

As these charts illustrate, most of Mr. Kurian s compensation and the aggregate pay mix for the other NEOs (which varies depending on the NEO) is performance-based 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.

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 had five years from the adoption date of these stock ownership guidelines in fiscal year 2013 (i.e. until fiscal 2018) to meet these guidelines. 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. 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. Once achieved, ownership at the guideline amount must be maintained. All of the executives were in compliance with the guidelines as of the end of fiscal 2018. All of the directors, other than Ms. Kerr and Mr. Schenkel, also met the guidelines as of the end of fiscal 2018. Ms. Kerr and Mr. Schenkel were appointed to the Board in November 2017 and are not required to meet the guidelines until 2022.

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 and the interests of our stockholders.

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 Medical Retirement 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 Medical Retirement Plan will be eligible to receive a 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 Medical Retirement Plan. The Executive Medical Retirement Plan terminates on December 31, 2019. In fiscal 2016, the Compensation Committee closed the Executive Medical Retirement Plan to the executives eligible for participation as of November 12, 2015 and 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 Medical Retirement Plan as well as a lump sum payment (or pro-rata portion) if they retire prior to 2019 or 2021, as applicable, and satisfy all of the requirements under the Executive Medical Retirement Plan. 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 2018, the expense for Mr. Kurian s car service was $5,203. 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 2018, the Company paid $109,513 for Mr. Reich s housing related expenses.

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 Medical Retirement Plan discussed above.

Tax Deductibility of Compensation

Prior to January 1, 2018, Section 162(m) of the Code generally disallowed a tax deduction to publicly held companies for compensation paid to certain executive officers to the extent that compensation exceeded $1 million per officer in any year unless such compensation was considered performance-based compensation. The Company generally sought to maximize the deductibility for tax purposes of all elements of compensation. For fiscal 2018, our 1999 Plan was structured so that any compensation recognized by an executive officer in connection with the exercise of his or her outstanding options under the plan would qualify as performance-based compensation and would 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 allowed us to structure our cash incentives that are paid thereunder to qualify for a deduction under Section 162(m). As a result of the Tax Cuts and Jobs Act, and except for certain grandfathered arrangements, Section 162(m) was amended to eliminate the deduction for performance-based compensation for periods after 2018. The Compensation Committee is expected to consider the potential future effects of Section 162(m) (as amended) when determining NEO compensation, including the added flexibility in structuring compensation in light of the elimination of the performance-based compensation deduction.

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:

Kathryn Hill, Chair

Gerald Held

George T. Shaheen

Richard P. Wallace

Summary Compensation Table

The table below summarizes the compensation information for the NEOs for fiscal 2018, fiscal 2017, and fiscal 2016.

Name and Principal Position	**Year**	**Salary ($)(1)**	**Bonus ($)(2)**	**Stock Awards ($)(3)**	**Option Awards ($)**	**Non-Equity Incentive Plan Compensation ($)(4)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)(5)**	**Total ($)**
George Kurian	2018	925,000		9,611,646		2,307,516		15,205	12,859,367
Chief Executive Officer	2017	875,000		6,179,678		1,920,650		29,913	9,005,241
and President(6)	2016	786,538	44,990	8,196,616		477,366		8,813	9,514,323
Ronald J. Pasek	2018	585,000		3,757,967		953,184		11,751	5,307,902
Executive Vice President	2017	550,000		3,458,446		795,424		17,418	4,821,288
and Chief Financial Officer(7)	2016	31,731						208	31,939
Joel D. Reich	2018	513,000		3,013,903		786,493		120,848	4,434,244
Executive Vice President	2017	475,000		2,324,632		673,894		147,656	3,621,182
and General Manager, NetApp Storage Systems and Software Business Unit(8)	2016	419,454	24,202	2,243,252		180,589		10,967	2,878,463
Henri P. Richard	2018	575,000		3,920,631		984,328		16,975	5,496,934
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	2018	520,000		2,063,490		595,400		8,724	3,187,614
Senior Vice President,	2017	500,000		1,678,901		515,900		8,017	2,702,818
General Counsel and Secretary(10)	2016	489,231	20,529	2,539,327		153,186		7,716	3,209,989

(1) Our fiscal 2018 and fiscal 2017 were both 52-week years. Fiscal 2016 was a 53-week year and therefore the salary for 2016 contains an extra week of pay.

(2) Amounts shown for fiscal 2016 represent a one-time discretionary bonus approved by the Compensation Committee in recognition of the recipients 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 2018, fiscal 2017, and fiscal 2016. The estimated fair value of PBRSUs 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.

(5) **All Other Compensation Table**

Name	**Year**	**401(k) ($) (A)**	**Life Insurance Coverage ($) (B)**	**Other ($)**	**Total ($)**
George Kurian	2018	6,000	4,002	5,203 (C)	15,205
	2017	6,000	4,002	19,911 (C)	29,913
	2016	6,000	2,813		8,813
Ronald J. Pasek	2018	6,000	5,751		11,751
	2017	12,000	5,418		17,418
	2016		208		208
Joel D. Reich	2018	6,329	5,006	109,513 (D)	120,848
	2017	6,433	4,584	136,639 (D)	147,656
	2016	6,915	4,052		10,967
Henri P. Richard	2018	6,000	10,975		16,975
	2017	10,064	7,213		17,277
Matthew K. Fawcett	2018	6,000	2,724		8,724
	2017	6,000	2,017		8,017
	2016	6,046	1,670		7,716

(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 for 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 147% of his eligible earnings for fiscal 2018, 137% of his eligible earnings for fiscal 2017, and 60.7 % of his eligible earnings for fiscal 2016.

(7)

Mr. Pasek received 148% of his eligible earnings for fiscal 2018, and 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 139% of his eligible earnings for fiscal 2018, 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 156% of his eligible earnings for fiscal 2018, and 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 143% of his eligible earnings for fiscal 2018, 129% of his eligible earnings for fiscal 2017, and 31.3% of his eligible earnings for fiscal 2016. Mr. Fawcett became our Senior Vice President, General Counsel and Secretary in September 2010.

Grants of Plan-Based Awards

The table below summarizes information concerning all plan-based awards granted to the NEOs during fiscal 2018, which ended on April 27, 2018.

		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	06/01/17							57,000	2,145,879
	06/01/17				42,725	85,450	170,900		3,735,874
	06/01/17				42,725	85,450	170,900		3,729,893
		345,950	1,572,500	3,145,000					
Ronald J. Pasek	06/01/17							36,000	1,355,292
	06/01/17				13,750	27,500	55,000		1,202,300
	06/01/17				13,750	27,500	55,000		1,200,375
		141,570	643,500	1,287,000					
Joel D. Reich	06/01/17							29,000	1,091,763
	06/01/17				11,000	22,000	44,000		960,300
	06/01/17				11,000	22,000	44,000		961,840
		124,146	564,300	1,128,600					