NetApp, Inc.
Form DEF 14A
July 19, 2011

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 þ   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))**

þ 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):

þ No fee required.

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

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4) Proposed maximum aggregate value of transaction:

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¨ 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.

495 East Java Drive

Sunnyvale, California 94089

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held August 31, 2011

You are cordially invited to attend the Annual Meeting of Stockholders (Annual Meeting) of NetApp, Inc., a Delaware corporation (NetApp or Company), which will be held on August 31, 2011, at 3:00 p.m. local time, at the Company s headquarters, 495 East Java Drive, Sunnyvale, California 94089. We are holding the Annual Meeting for the following purposes:

1. To elect the following individuals to serve as members of the Board of the Directors for the ensuing year or until their respective successors are duly elected and qualified: Daniel J. Warmenhoven, Nicholas G. Moore, Thomas Georgens, Jeffry R. Allen, Alan L. Earhart, Gerald Held, T. Michael Nevens, George T. Shaheen, Robert T. Wall, and Richard P. Wallace;

2. To approve an amendment to the Company s 1999 Stock Option Plan (the 1999 Plan) to increase the share reserve by an additional 7,700,000 shares of common stock and to approve the 1999 Plan for Section 162(m) purposes to enable certain awards granted under the 1999 Plan to continue to qualify as deductible performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code;

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

4. To conduct an advisory vote and approve an advisory resolution on Named Executive Officer compensation;

5. To conduct an advisory vote on the frequency of future advisory votes on Named Executive Officer compensation; and

6. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company for the fiscal year ending April 27, 2012.

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 11, 2011 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

In accordance with the Securities and Exchange Commission (SEC) rules and regulations, we have elected to provide access to our proxy materials over the Internet. Accordingly, the Company will mail, on or about July 19, 2011, 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 the website where the proxy materials will be made available; the date, time, and location of the Annual Meeting; the matters to be acted upon at the meeting and the Board of Directors recommendation with regard to each matter; 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, our Annual Report to stockholders and a form of proxy relating to the Annual Meeting; information on how to access the form of proxy; and information on how to obtain directions to attend the meeting and vote in person. These 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, even if she or he has voted over the Internet, by telephone or returned a completed proxy card.

Thank you for your participation.

BY ORDER OF THE BOARD OF DIRECTORS,

Thomas Georgens

Chief Executive Officer and President

Sunnyvale, California

July 19, 2011

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

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS OF

NETAPP, INC.

To Be Held August 31, 2011

General

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (Board or Board of Directors) of the Company, of proxies to be voted at the Annual Meeting of Stockholders (Annual Meeting) to be held on August 31, 2011, or at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Stockholders of record as of the close of business on July 11, 2011 will be entitled to vote at the Annual Meeting. The Annual Meeting will be held at 3:00 p.m. local time at the Company s headquarters at 495 East Java Drive, Sunnyvale, California 94089.

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 stockholder of record, we are now furnishing proxy materials to our stockholders over the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice of Internet Availability of Proxy Materials instructs you as to how you may access and review all of the information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you as to how you may submit your proxy over the Internet. If you received a Notice of Internet Availability of Proxy Materials 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 of Internet Availability of Proxy Materials.

It is anticipated that the Notice of Internet Availability of Proxy Materials will be mailed to stockholders on or about July 19, 2011.

Record Date and Shares Outstanding

The close of business on July 11, 2011 was the record date to determine the stockholders who will be entitled to vote at the Annual Meeting and any adjournments or postponements thereof. At the record date, the Company had approximately 372,389,616 shares of its common stock outstanding and entitled to vote at the Annual Meeting and approximately 756 registered stockholders. No shares of the Company s preferred stock were outstanding. Each holder of common stock is entitled to one vote for each share of common stock held by such stockholder on July 11, 2011.

Quorum Requirement

A majority of the shares of common stock issued and outstanding and entitled to vote, in person or by proxy, constitutes a quorum for the transaction of business at the Annual Meeting.

Votes Required for Proposals

For Proposal No. 1, the 10 director nominees receiving the highest number of affirmative Votes Cast (as defined below) will be elected, and for Proposal No. 5, the frequency (every one, two or three years) receiving the highest number of affirmative Votes Cast will be treated as indicative of our stockholders preference with respect to how often we hold an advisory say on pay vote. Approval of each of Proposal Nos. 2, 3, 4, and 6 requires the affirmative vote of a majority of the number of Votes Cast. Votes Cast for Proposals Nos. 4 and 5

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will be advisory votes only. Votes will be tabulated by a representative of Broadridge Financial Solutions, Inc., the independent inspector of elections appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker nonvotes. Voting results will be published in a Current Report on Form 8-K, which will be filed with the SEC within 4 business days following the Annual Meeting.

Abstentions and Broker Nonvotes

While there is no definitive statutory or case law authority in Delaware as to the proper treatment of abstentions, the Company believes that abstentions should be counted for 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 (Votes Cast) with respect to a proposal. In the absence of controlling precedent to the contrary, the Company intends to treat abstentions in this manner. Accordingly, abstentions will have the same effect as a vote against the proposal. However, because the outcome of Proposal No. 1 (election of directors) and Proposal No. 5 (advisory vote on frequency of say on pay vote) will be determined by a plurality of the Votes Cast, abstentions will have no impact on the outcome of such proposals so long as a quorum exists.

Broker nonvotes (that is, votes from shares held of record by brokers as to which the beneficial owners have given no voting instructions) will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be counted for purposes of determining the number of Votes Cast with respect to the particular proposal on which the broker has expressly not voted. Accordingly, broker nonvotes will not affect the outcome of the voting on a proposal that requires a majority of the Votes Cast (such as the approval of an amendment to an option plan). Thus, a broker nonvote will make a quorum more readily attainable, but the broker nonvote 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 broker on how to vote your shares, your brokerage firm, at its discretion, may either leave your shares unvoted or vote your shares on routine matters, but not on non-routine matters. The proposal to ratify the appointment of our independent registered public accounting firm for the current fiscal year (Proposal No. 6) will be treated as a routine matter. To the extent your brokerage firm votes your shares on your behalf on this proposal, your shares will be counted as present for the purpose of determining a quorum. The proposals to approve Proposal Nos. 1, 2, 3, 4 and 5 are not considered routine matters and, consequently, your brokerage firm cannot vote your shares without your voting instructions.

Methods of Voting

Stockholders may vote by proxy. 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 at the Annual Meeting; and (4) finally, you may request a proxy card from us and indicate your vote by completing, signing and dating the card where indicated and by mailing or otherwise returning the card in the prepaid envelope that will be provided. Each stockholder is entitled to one vote on all matters presented at the Annual Meeting for each share of common stock held by such stockholder. Stockholders do not have the right to cumulate their votes for the election of directors.

If a proxy card is voted by telephone or Internet or signed and returned by mail, without choices specified, in the absence of contrary instructions, subject to the limitations described in Rule 14a-4(d) under the Securities Exchange Act of 1934, as amended (Exchange Act), the shares of common stock represented by such proxy will be voted FOR Proposal Nos. 1, 2, 3, 4, 5 and 6 will be voted in the proxy holder s discretion as to other matters that may properly come before the Annual Meeting.

Revocability of Proxies

Any stockholder giving a proxy has the power to revoke it at any time before its exercise. You may revoke or change 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.

Solicitation of Proxies

The Company 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 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. The Company does not plan to retain a proxy solicitor to assist in the solicitation of proxies. If the Company were to retain a proxy solicitor, the estimated cost for such solicitor would be $10,000 plus reimbursement of expenses.

Annual Report

The Notice of Annual Meeting of Stockholders, this Proxy Statement and the Annual Report of the Company for the fiscal year ended April 29, 2011 have been made available to all stockholders entitled to vote at the Annual Meeting. 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.

Stockholder Proposals

The Company s stockholders may submit proposals that they believe should be voted upon at the Company s 2012 Annual Meeting of Stockholders. Stockholders may also recommend candidates for election to our Board of Directors for such Annual Meeting (See Corporate Governance and Corporate Governance and Nominating Committee).

Pursuant to Rule 14a-8 under the Exchange Act and subject to the requirements of our bylaws, stockholder proposals may be included in our 2012 Proxy Statement. Any such stockholder proposals must be submitted in writing to the attention of the Corporate Secretary, NetApp, Inc., 495 East Java Drive, Sunnyvale, California 94089, no later than March 21, 2012, which is the date 120 calendar days prior to the anniversary of the mailing date of the proxy statement for the fiscal 2011 Annual Meeting.

Alternatively, under the Company s bylaws, a proposal that a stockholder intends to present for consideration at the meeting but does not seek to include in the Company s proxy materials for the 2012 Annual Meeting (whether or not it relates to nominations to the Company s Board of Directors) must be received by the Corporate Secretary (at the address specified in the immediately preceding paragraph) not less than 120 calendar days prior to the date of the 2012 Annual Meeting. The stockholder s submission must include the information specified in the 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 meeting.

Householding

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 companies. The Company and some 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 (i) follow the instructions provided when you vote over the Internet, or (ii) contact Broadridge Financial Solutions, Inc., either by calling toll free at (800) 542-1061 or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

PROPOSAL NO. 1:

ELECTION OF DIRECTORS

During the majority of fiscal 2011, the Board consisted of 9 members until March 2011. The Board increased the number of directors from 9 to 10 in March 2011. Richard P. Wallace was recommended to the Board of Directors by an independent third-party search firm and appointed to the Board on March 16, 2011. Accordingly, at the Annual Meeting, 10 directors constituting the entire Board are to be elected to serve until the next Annual Meeting of Stockholders or until successors for such directors are elected and qualified, or until the death, resignation or removal of such directors. It is intended that the proxies will be voted for the 10 nominees named below for election to the Company s Board unless authority to vote for any such nominee is withheld. Each person nominated for election has agreed to serve if elected, and the Board has no reason to believe that any nominee will be unavailable or will decline to serve. In the event, however, that any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by the current Board to fill the vacancy. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nominees named below. The 10 nominees receiving the highest number of affirmative votes of the shares entitled to vote at the Annual Meeting will be elected directors of the Company. The proxies solicited by this Proxy Statement may not be voted for more than 10 nominees.

Information Regarding the Nominees

The name, age and position of each nominee as of May 26, 2011, are set forth in the table below. Except as described below, each of the nominees has been engaged in his principal occupation during the past five years. There are no family relationships among any of our directors or executive officers.

Name of Nominee	Age	Position	Director Since
Daniel J. Warmenhoven	60	Executive Chairman and Executive Chairman of the Board of Directors	1994
Nicholas G. Moore*	69	Lead Independent Director	2002
Thomas Georgens	51	Chief Executive Officer, President and Director	2008
Jeffry R. Allen*	59	Director	2005
Alan L. Earhart*	67	Director	2004
Gerald Held*	63	Director	2009
T. Michael Nevens*	61	Director	2009
George T. Shaheen*	67	Director	2004
Robert T. Wall*	65	Director	1993
Richard P. Wallace*	51	Director	2011

* Independent Directors

DANIEL J. WARMENHOVEN has been a member of the Board of Directors since October 1994 and currently serves as the Executive Chairman of the Board of Directors. Mr. Warmenhoven was Chief Executive Officer from October 1994 to August 2009 and currently holds the position of Executive Chairman of the Company. Prior to joining the Company, Mr. Warmenhoven served in various capacities, including President, Chief Executive Officer, and chairman of the board of directors of Network Equipment Technologies, Inc., a telecommunications equipment company, from November 1989 to January 1994. Prior to Network Equipment Technologies, Mr. Warmenhoven held executive and managerial positions at Hewlett-Packard from 1985 to 1989 and IBM Corporation from 1972 to 1985. Mr. Warmenhoven is a director of Aruba Networks, Inc., sits on the Bechtel Board of Counselors, is vice chairman of the board of the Tech Museum of Innovation in San Jose, California and is a trustee of Bellarmine College Preparatory in San Jose, California. Mr. Warmenhoven holds a B.S. degree in electrical engineering from Princeton University.

Mr. Warmenhoven brings to the Board extensive experience in the technology and data storage industry. As our former Chief Executive Officer, Mr. Warmenhoven spent 15 years successfully leading the Company through significant growth and possesses a deep understanding of our business, strategy, operations, and employees. Mr. Warmenhoven also has valuable experience as a result of his service as a director of other technology companies. For these and other reasons, the Board believes that Mr. Warmenhoven contributes to the overall quality and diversity of perspectives on the Board.

NICHOLAS G. MOORE has been a member of the Board since April 2002 and was appointed as our Lead Independent Director in August 2009. Mr. Moore served as Global Chairman of PricewaterhouseCoopers LLP from July 1998 until June 2001, and Chief Executive Officer of PricewaterhouseCoopers LLP from July 1998 until June 2000. Prior to that, he served as Chairman and Chief Executive Officer of Coopers & Lybrand LLP from October 1994 until June 1998, when it merged with Price Waterhouse LLP. Mr. Moore is a member of the boards of Wells Fargo & Co., Gilead Sciences, Bechtel Corporation, and a private, venture capital-backed technology company. Mr. Moore received a B.S. degree in accounting from St. Mary s College and a J.D. degree from Hastings College of Law, University of California.

Mr. Moore brings to the Board extensive management, financial and accounting expertise, as well as significant involvement with the technology industry. The Board believes that as the former Chief Executive Officer of a major accounting and consulting firm and a current director of one of the country s most prominent banks, Mr. Moore qualifies as a financial expert and is able to provide key insight to the Board on financial and other matters. In addition, Mr. Moore s service on the boards of other technology companies has given him expertise with respect to corporate governance issues. He also spent much of his client service career in the high technology and venture capital industry. For these and other reasons, the Board believes that Mr. Moore has the qualities necessary to contribute to the Board s overall effectiveness.

THOMAS GEORGENS has been the Company s President and Chief Executive Officer since August 2009. From February 2008 to August 2009, Mr. Georgens served as our President and Chief Operating Officer and was responsible for all product operations and field operations worldwide. Mr. Georgens has also been a member of our Board of Directors since March 2008. Mr. Georgens joined NetApp in October 2005 as Executive Vice President and General Manager of Enterprise Storage Systems and was named Executive Vice President of Product Operations where he served in that role from January 2007 to February 2008.Before joining the Company, Mr. Georgens spent nine years at Engenio, a former subsidiary of LSI Corporation, the last two years as Chief Executive Officer. He has also served in various other positions, including President of LSI Corporation Storage Systems and Executive Vice President of LSI Logic Storage Systems. Prior to Engenio, Mr. Georgens spent 11 years at EMC Corporation in a variety of engineering and marketing positions. Mr. Georgens holds a B.S. degree and an M.E. degree in computer and systems engineering from Rensselaer Polytechnic Institute as well as an M.B.A. degree from Babson College.

As the Company s Chief Executive Officer, Mr. Georgens has direct, day-to-day exposure to all aspects of the Company s business. Mr. Georgens also brings to the Board substantial management and executive experience, as well as extensive knowledge of the data storage industry. As a result of these and other factors, the Board believes that Mr. Georgens adds to the Board s collective level of expertise, skills and qualifications.

JEFFRY R. ALLEN has been a member of the Board since May 2005. Prior to joining the Board, Mr. Allen was the Executive Vice President of Business Operations of the Company. Mr. Allen joined the Company in 1996 as the Chief Financial Officer and Vice President of Finance and Operations. Before coming to the Company, Mr. Allen served as Senior Vice President of Operations for Bay Networks, where he was responsible for manufacturing and distribution functions. From 1990 to 1995, he held the position of Controller for Synoptic Communications and subsequently became Vice President and Controller for Bay Networks, the new company created via the merger of SynOptics and Wellfleet Communications. Previously, Mr. Allen had a 17-year career at Hewlett-Packard Company, where he served in a variety of financial, information systems, and financial management positions, including controller for the Information Networks Group. Mr. Allen holds a B.S. degree in accounting from San Diego State University.

The Board nominated Mr. Allen to serve as a director because he brings to the Board extensive experience gained from working in the technology industry in a variety of positions at the senior management level, including almost 10 years at the Company. Mr. Allen also qualifies as an audit committee financial expert. With a strong mix of operational and financial knowledge, both generally and specifically in regards to the Company, Mr. Allen adds to the Board s collective level of expertise, skills and qualifications.

ALAN L. EARHART has been a member of the Board since December 2004. He has more than three decades of financial and accounting expertise that includes close involvement with many technology companies, including Cisco Systems, Legato, Varian and Polycom. Mr. Earhart began his career as a certified public accountant in 1970 with Coopers & Lybrand s San Francisco office. There he rose through the company to become regional managing partner and served as chair of Coopers & Lybrand s National Venture Capital Industry Group before its merger with Price Waterhouse. After the merger, he was named managing partner for PricewaterhouseCoopers Silicon Valley offices before eventually retiring in 2001. Mr. Earhart previously served on the board of directors of Quantum Corporation, Foundry Networks, and Monolithic Power Systems. He currently serves on the board of directors of Brocade Communication Systems, Inc. and Rovi Corporation (formerly known as Macrovision Solutions Corporation) and is an independent consultant and retired partner of PricewaterhouseCoopers.

The Board selected Mr. Earhart to serve as a director because he brings to the Board a deep knowledge of financial and accounting issues. Through his work experience and service on the boards of several high tech 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 the Board.

GERALD HELD has been a member of the Board since December 2009. Since 1999, Mr. Held has been the Chief Executive Officer of Held Consulting Group, LLC. From 2006 to 2010, he was the Executive Chairman of Vertica Systems, an analytic database company that was acquired by Hewlett Packard. From 2002 until 2008 Mr. Held was on the board of Business Objects. He was also a founding director for Microplace, a microfinance marketplace that was acquired by eBay, and Chairman of Bella Pictures, which was acquired by CPI Corp. Mr. Held currently serves on the boards of Informatica and Openwave Systems, both of which are public technology companies. Mr. Held also serves on the boards of several private companies including Trickplay and Software Development Technologies. From 1976 to 1997, Mr. Held served in a variety of executive roles at Tandem Computers and Oracle Corporation.

The 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 is 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 Ph.D. degree in computer science specializing in relational database technology from University of California, Berkeley.

T. MICHAEL NEVENS has been a member of the Board since December 2009. 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 boards of Altera Semiconductors, Model N Software, and Active Video Networks, and served on the board of Borland Software from 2004 until 2009. Mr. Nevens has a B.S. degree in physics from the University of Notre Dame and an M.S. degree in industrial administration from Purdue University.

Mr. Neven s experience in equity investments and advising various technology companies throughout the world led the Board to conclude that he would be a valuable addition to the Board, particularly as the Company continues 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.

GEORGE T. SHAHEEN has been a member of the 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, a technology company in the data collection, storage and analytics space. Mr. Shaheen was the Chief Executive Officer of Siebel Systems, Inc. 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 on the boards of Korn/Ferry International, 24/7 Customer, newScale, Voxify, PRA International, and Univita. He is a member of the Advisory Board of the Marcus & Millichap Company and the Strategic Advisory Board of Genstar Capital. 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.

The 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.

ROBERT T. WALL has been a member of the Board since January 1993. Since August 1984, Mr. Wall has been the Founder and President of On Point Developments, LLC, a venture management and investment company. Mr. Wall was a founder and, from November 2000 to December 2006, the Chairman of the Board of Directors of Airgo Networks, Inc., a Wi-Fi wireless networking systems company that was acquired by QUALCOMM, Inc. in December 2006. From June 1997 to November 1998, he was Chief Executive Officer and a member of the board of directors of Clarity Wireless, Inc., a broadband wireless data communications company that was acquired by Cisco Systems, Inc. in November 1998. Mr. Wall was Chairman of the Board, President, and Chief Executive Officer of Theatrix Interactive, Inc., a consumer educational software publisher, from April 1994 to August 1997. Mr. Wall has been a member of the Board of Complete Genomics, Inc., a human genome sequencing and informatics company, since September 2010. Mr. Wall has been a member of the Board of Trustees of the Fine Arts Museums of San Francisco since June 2007 and a member of the Visiting Committee, Arts of Africa, Oceania, and the Americas at the Metropolitan Museum of Art in New York since March 2007. He received an A.B. degree in economics from De Pauw University and an M.B.A. degree from Harvard Business School.

The Board selected Mr. Wall to serve as a director because he brings to the Board over 30 years of experience leading and founding several technology companies, including companies in the data storage, computer systems, and wireless networking areas. As the Company s longest serving director, he brings a long-term perspective of the evolution of the Company to its present position and the development of its management team and compensation policy. Additionally, as a result of Mr. Wall s service on the boards of other public companies and varied strategic mergers and acquisition experience, he is familiar with a full range of corporate and board functions.

RICHARD P. WALLACE joined the Board in March 2011. Mr. Wallace currently serves as the President and Chief Executive Officer of KLA-Tencor Corporation. He began his career at KLA Instruments in 1988 as an applications engineer and has held various general management positions throughout his 23-year tenure with the company. Mr. Wallace became the CEO of KLA-Tencor in January 2006. Mr. Wallace also currently serves as the chairman of the board of directors for Semiconductor Equipment and Materials International (SEMI), an industry trade association, and Beckman Coulter®, an Orange County-based biomed company. 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.

The 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 other publicly traded companies also provides important value and adds to his unique perspective.

CORPORATE GOVERNANCE

The Company s Board of Directors has adopted policies and procedures that the 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).

Board Leadership Structure

The Board of Directors does not currently have a policy on whether the roles of Chief Executive Officer and Chairman may be filled by one individual. This allows the Board flexibility to better address the leadership needs of the Company from time to time as it deems appropriate. We currently separate the positions of Chief Executive Officer and Chairman of the Board. From January 2008 until August 2009, Mr. Warmenhoven served as both Chief Executive Officer and Chairman of the Board. Since that time, Mr. Georgens has served in the role of Chief Executive Officer and Mr. Warmenhoven has continued in the role as Chairman of the Board and has assumed the position of Executive Chairman, a position intended to help the Company build and expand relationships with certain strategic partners around the world. The Board believes that the respective roles of Mr. Georgens and Mr. Warmenhoven best utilize their skills and qualifications in the service of the Company at this time.

The Chief Executive Officer is responsible for setting the strategic direction of the Company, the general management and operation of the business, and guidance and oversight of senior management. The Executive Chairman of the Board presides at all meetings of the Board and of the stockholders, monitors the content, quality and timeliness of information sent to the Board and is available for consultation with the Board regarding the Company s oversight of business affairs.

We have also designated one of our directors as Lead Independent Director because our Chief Executive Officer and Executive Chairman of the Board are currently employees of the Company, and have deemed such position to be integral to our Board structure. The Lead Independent Director chairs Board meetings when the Executive Chairman of the Board is not present; schedules, sets the agenda for and chairs executive sessions; and chairs matters which are within the purview of the independent directors. The Lead Independent Director also chairs the Corporate Governance and Nominating Committee. In addition, the Lead Independent Director serves as a liaison between the Executive Chairman of the Board and the independent directors; recommends changes to improve the effectiveness of the Board, the Board committees and the individual directors serving on the Board; and performs such other functions and responsibilities as requested by the Board from time to time.

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

Corporate Governance Guidelines

The Board of Directors has adopted a formal set of Corporate Governance Guidelines concerning various issues related to Board 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/governance.cfm.

Risk Oversight

Our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. With the oversight of our full Board of Directors, our executive officers are responsible for the day-to-day management of the material risks the Company faces. In its oversight role, our Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by the executive officers are adequate and functioning as designed. The involvement of the full Board of Directors in setting our business strategy at least annually is a key part of its oversight of risk management and allows the 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. The full Board of Directors regularly receives updates from management and outside advisors regarding certain risks the Company faces.

Each committee of the Board of Directors oversees specific aspects of risk management. For example, our Audit Committee is responsible for overseeing the management of risks associated with the our financial reporting, accounting and auditing matters; our Compensation Committee oversees our management succession planning and the relationship between our compensation policies and programs and our risk management; 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; and our Strategy Committee reviews our capital structure, liquidity, balance sheet, geographic distribution of cash, and other data necessary to manage the risks related to our long-term strategic planning and contemplated strategic transactions. Our committees regularly report their findings to the full Board of Directors.

In addition, on an annual basis, each committee performs a comprehensive year-end risk management review, the results of which are reported to the Audit Committee. As part of the annual review, each committee considers a wide range of risks, including, to the extent applicable, risks related to (i) financial matters, including accounting policies, counterparties and liquidity; (ii) legal compliance matters, including competition law, data privacy and antitrust; (iii) strategic matters, including technology and market trends; (iv) operational matters; and (v) human resource matters. If appropriate, the Audit Committee holds follow-up discussions with applicable committee members. The final results of the year-end risk management review are reported to the full Board in the fourth quarter of each fiscal year.

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

Independent Directors

A majority of our Board comprises independent directors, (as defined in the applicable NASDAQ rules).

The nonemployee directors regularly meet in executive session, without management, as part of the normal agenda of our Board meetings.

The Lead Independent Director is a nonemployee director and independent (as defined by the NASDAQ rules).

Corporate Governance and Nominating Committee

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

To assist with director nominations, the Board has assigned the Corporate Governance and Nominating Committee responsibility for reviewing and recommending nominees to the Board. While there are no specific minimum qualifications for director nominees, the ideal candidate should exhibit qualifications that will increase overall Board effectiveness, including independence, previous experience as an executive or director with other successful companies, and ability to meet other requirements under applicable rules, such as the requirement that Audit Committee members have an appropriate level of financial literacy and expertise. In evaluating the suitability of a particular director nominee, the Board considers a broad range of factors, including, without limitation, the nominee s character, integrity, judgment, independence, diversity (including with respect to race and gender), age, skills, education, expertise, length of service, understanding of the Company s business, and willingness and ability to make the necessary time commitment to diligently perform the duties of a director.

The Corporate Governance and Nominating Committee makes an effort to ensure that the Board s composition reflects a broad diversity of experience, professions, skills, viewpoints, geographic representation, personal traits and backgrounds. However, the Corporate Governance and Nominating Committee does not have a formal policy with respect to diversity, does not assign specific weights to particular criteria, and 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 the Board of Directors 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 the Board of Directors are also considered.

In the case of new director candidates, the Corporate Governance and Nominating Committee also determines whether the nominee must be independent for NASDAQ purposes, 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 its network of contacts to compile a list of potential candidates, but it also engages a professional search firm when appropriate. The Corporate Governance and Nominating Committee conducts appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors. The Corporate Governance and Nominating Committee meets to discuss and consider such candidates qualifications and then selects a nominee for recommendation to the 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 the 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, provided that the Company does not consider nominees recommended by stockholders unless such stockholders have continuously held at least 3% of the outstanding shares of the Company s voting securities for at least 3 years prior to the date on which the recommendation is submitted.

A stockholder who desires to recommend a candidate for election to the Board must direct the recommendation in writing to NetApp, Inc., 495 East Java Drive, Sunnyvale, California 94089, Attention: Corporate Secretary and must include the candidate s name; home and business contact information; detailed biographical data and qualifications; information regarding any relationships between the candidate and the Company within the last three years; and evidence of the nominating person s ownership of Company stock.

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

The Board has adopted a charter for the Corporate Governance and Nominating Committee that meets applicable NASDAQ standards and is available at http://investors.netapp.com/governance.cfm. The Corporate Governance and Nominating Committee charter is reviewed by the Corporate Governance and Nominating Committee on an annual basis and was most recently reviewed in March 2011.

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.

The Compensation Committee reviews and approves our incentive compensation plans in accordance with our Compensation Committee charter.

The Compensation Committee sets compensation for nonemployee directors in accordance with our Compensation Committee charter.

The Board has adopted a charter for the Compensation Committee that meets applicable NASDAQ standards and is available at: http://investors.netapp.com/governance.cfm. The Compensation Committee charter is reviewed by Compensation Committee on an annual basis and was most recently reviewed in February 2011.

Audit Committee

The Board s Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Exchange Act.

The Audit Committee has established policies and procedures that are consistent with the SEC and NASDAQ requirements for auditor independence.

All of the members of the Audit Committee meet the applicable requirements for independence from Company management and requirements for financial literacy.

Each member of the Audit Committee has the requisite financial management expertise.

Deloitte & Touche LLP, our independent auditor, reports directly to the Audit Committee.

The internal audit function of the Company reports directly to the Audit Committee.

The Board has adopted a charter for the Audit Committee that meets applicable NASDAQ standards and is available at http://investors.netapp.com/governance.cfm. The Audit Committee charter is reviewed by the Audit Committee on an annual basis and was most recently reviewed in February 2011.

Strategy Committee

The Board s Strategy Committee (formerly the Investment and Acquisitions Committee) assists the Board in fulfilling its responsibilities relating to the development, articulation, and execution of the Company s long term strategic plan, and the review, evaluation, and approval of certain strategic transactions.

The Board has adopted a charter for the Strategy Committee, which is available at http://investors.netapp.com/governance.cfm. The Strategy Committee charter is reviewed by the Strategy Committee on an annual basis and was most recently reviewed in March 2011.

Stockholder Meeting Attendance for Directors

While we do not have a formal policy for director attendance at the Annual Meeting of the Stockholders, historically the Annual Meeting of the Stockholders is scheduled on the same day as a Board of Directors meeting and is attended by at least a majority of the directors. In 2010, three directors attended the Annual Meeting of Stockholders as the Annual Meeting was not held on the same day as the Board of Directors meeting. Although the 2011 Annual Meeting of Stockholders has not been scheduled on the same day as a Board of Directors meeting, we have encouraged the directors to attend if their schedules permit.

Code of Conduct

The Company has adopted a Code of Conduct that includes a conflict of interest policy and 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/governance.cfm. The Company will post any amendments to or waivers from the provisions of our code of conduct on its website.

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 by mail or express mail, c/o NetApp, Inc., 495 East Java Drive, Sunnyvale, California 94089. Employees and others who wish to contact the 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.

Meetings and Committees of the Board of Directors

The Board of Directors held 7 regular meetings and 1 special meeting during fiscal 2011. During fiscal 2011, each member of the Board of Directors attended more than 75% of the aggregate of (1) the total number of meetings of the Board of Directors held during the portion of fiscal 2011 during which such director was a member of the Board of Directors and (2) the total number of committee meetings held during the portion of fiscal 2011 during which such director was a member of a Board committee. There are no family relationships among executive officers, directors or nominees of the Company. The Board of Directors has an Audit Committee, a Corporate Governance and Nominating Committee, an Investment and Acquisition Committee, and a Compensation Committee.

For most of 2011, the Board consisted of 9 members. In March 2011, the Board increased the number of authorized directors on the Board from 9 to 10 and appointed Richard P. Wallace as a member of the Board to fill the newly created vacancy.

The members of the committees are identified in the following table:

Director	Audit	Strategy	Compensation	Corporate Governance and Nominating
Daniel J. Warmenhoven		X		
Nicholas G. Moore				Chair
Thomas Georgens				
Jeffry R. Allen	X	Chair		
Alan L. Earhart	Chair			X
Gerald Held		X	X	
T. Michael Nevens	X	X		
George T. Shaheen			X	
Robert T. Wall		X	Chair	X
Richard P. Wallace				

The Audit Committee is composed of directors Allen, Earhart, and Nevens, all of whom are independent in accordance with the requirements of applicable SEC and NASDAQ rules and regulations. The Company s Board has determined that both Messrs. Earhart and Allen qualify as an audit committee financial expert under the rules and regulations of the SEC. The Audit Committee reviews, acts on and reports to the Board of Directors with respect to various auditing and accounting matters, including the selection of the Company s auditors, the scope of the annual audits, fees to be paid to the auditors, the performance of the Company s auditors, 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/governance.cfm. The Audit Committee of the Board of Directors held 10 regular meetings and 2 special meetings during fiscal 2011.

The Corporate Governance and Nominating Committee is composed of directors Moore, Earhart, and Wall, all of whom are independent in accordance with applicable NASDAQ rules. The committee evaluates and recommends to the Board of Directors candidates for Board membership and considers nominees recommended by stockholders who have continuously held at least 3% of the outstanding shares of the Company s voting securities for at least 3 years prior to the date on which the recommendation is submitted. The committee also develops and recommends corporate governance policies and other governance guidelines and procedures to the Board of Directors. The Corporate Governance and Nominating Committee held 4 meetings during fiscal 2011.

The Strategy Committee, formerly known as the Investment and Acquisition Committee, is composed of directors Allen, Held, Nevens, Warmenhoven and Wall, a majority of whom are independent. The Strategy Committee assists in the development, articulation and execution of the Company s long-term strategic planning and reviews, evaluates, and approves certain acquisitions, divestitures, and other strategic transactions for the Company. The Strategy Committee held 4 meetings during fiscal 2011.

The Compensation Committee is composed of directors Wall, Held, and Shaheen, all of whom are independent in accordance with applicable NASDAQ rules. The Compensation Committee establishes salaries, incentive compensation programs, and other forms of compensation for officers; creates the compensation guidelines under which management establishes salaries for non-officers and other employees of the Company; and administers the incentive compensation and benefit plans of the Company. In carrying out its responsibilities, the Compensation Committee reviews, at least annually, compensation for the Chief Executive Officer and other officers, corporate goals relevant to compensation, and executive and leadership development policies. The Compensation Committee meets regularly with its outside advisors independently of management. The Compensation Committee of the Board of Directors held 6 regular meetings during fiscal 2011.

DIRECTOR COMPENSATION

The Compensation Committee evaluates the compensation and form of compensation for nonemployee directors annually. The nonemployee directors receive annual retainers as well as equity awards for their service on the Board. Details of the compensation are discussed in the narrative below. Employee directors do not receive any compensation for their services as members of the Board.

The table below summarizes the total compensation paid by the Company to the nonemployee directors for the fiscal year ended April 29, 2011.

Name	Fees Earned or Paid in Cash ($)(1)	RSUs ($)(2)	Option Awards ($)(2)(3)	Nonequity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
Daniel J. Warmenhoven(4)							
Nicholas G. Moore	$ 90,000	$ 134,587	$ 287,435		$ 106,662		$ 618,684
Jeffry R. Allen	$ 75,000		$ 357,733		$ 111,096		$ 543,829
Alan L. Earhart	$ 85,000	$ 134,587	$ 215,056				$ 434,643
Gerald Held	$ 63,000	$ 134,587	$ 142,677				$ 340,264
Mark Leslie(5)							
T. Michael Nevens	$ 70,000		$ 285,354				$ 355,354
George Shaheen	$ 58,000		$ 285,354				$ 343,354
Donald T. Valentine(5)							
Robert T. Wall	$ 76,000		$ 357,733				$ 433,733
Richard P. Wallace	$ 50,000	$ 428,694	$ 442,197		$ 52,586		$ 973,477

(1) Fees earned represent annual retainers and committee fees.

(2) The amounts reported represent the grant date fair value of the stock and option awards to the director under the 1999 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 Company s Annual Report on Form 10-K for the fiscal year ended April 29, 2011, as filed with the SEC on June 23, 2011. These amounts do not necessarily represent the actual value that may be realized by the nonemployee director.

(3) The nonemployee directors had options to purchase the following number of shares of common stock outstanding as of April 29, 2011:

Name	# of Outstanding Options (in Shares)	# of Outstanding Awards (in Shares)	Total Equity Awards Outstanding
Nicholas G. Moore	95,000	6,666	101,666
Jeffry R. Allen	175,000		175,000
Alan L. Earhart	30,000	3,333	33,333
Gerald Held	37,500	12,499	49,999
Mark Leslie(4)			
T. Michael Nevens	75,000		75,000
George Shaheen	160,000		160,000
Donald T. Valentine(4)			
Robert T. Wall	160,000		160,000
Richard P. Wallace	27,500	9,166	36,666

(4) Mr. Warmenhoven did not receive compensation as a director but did receive compensation as an employee of the Company per his role as Executive Chairman. Mr. Warmenhoven received $450,000 in Fees Earned, $752,400 in RSUs, $801,732 in Option Awards, $979,951 in Nonequity Incentive Plan Compensation, $2,245,327 in Deferred Compensation, and $672 in All Other Compensation for a total of $5,230,082.

(5) Messrs. Leslie and Valentine did not stand for re-election at the 2010 Annual Meeting and did not receive any compensation during fiscal 2011.

Summary of Director Compensation Policy

Fiscal 2011

The following table sets forth a summary of our total compensation policy for our nonemployee directors for fiscal year 2011:

Position	Annual Cash Retainer	Equity Grant/Stock Options	
		Initial Grant	Annual Grant
Board Member	$ 50,000	55,000	20,000
Lead Independent Director	$ 30,000		5,000
Audit Committee:			
Chairperson	$ 30,000		5,000
Member	$ 15,000		
Compensation Committee:			
Chairperson	$ 16,000		5,000
Member	$ 8,000		
Corporate Governance and Nominating Committee:			
Chairperson	$ 10,000		5,000
Member	$ 5,000		
Strategy Committee:			
Chairperson	$ 10,000		5,000
Member	$ 5,000		

Nonemployee directors are eligible to receive equity awards (in the form of stock options or, if the Plan Administrator permits and upon the election of the director, a combination of stock options and RSUs) under the Automatic Award Program in effect under the 1999 Plan. Such equity grants are made automatically upon a director s first election or appointment and at each Annual Meeting of Stockholders thereafter to directors who are re-elected and continue to serve. See Proposal No. 2 for a more thorough description of the Automatic Award Program.

In addition, the Compensation Committee has approved a deferral program for our nonemployee directors, which allows each nonemployee director to elect to defer the receipt of his or her annual cash retainer until a later date in accordance with applicable tax laws. If the nonemployee director does not elect to defer his or her cash compensation, he or she will continue to receive his or her cash compensation as set forth above. Additionally, the Company has implemented a program which allows our nonemployee directors to elect to receive his or her automatic equity grants either in the form of all stock options or a combination of stock options and RSUs. To the extent a nonemployee director elects to receive a portion of his or her automatic equity grant in the form of RSUs, the director may be permitted to elect in accordance with federal tax laws when he or she will receive the payout from his or her earned RSUs and defer income taxation until the award is paid. An election to defer the payout of the earned RSUs is not intended to increase the value of the payout to the nonemployee director, but rather to give the nonemployee director the flexibility to decide when he or she will be subject to taxation with respect to the award. Any election to defer payment of any earned RSUs will not alter the other terms of the award, including the vesting requirements.

At the 2010 Annual Stockholders Meeting held on August 31, 2010, each of the individuals reelected as a nonemployee Board member at that meeting received a number of RSUs and/or an option grant for a number of shares as indicated in the table below. In addition, on September 2, 2010, Messrs Allen, Earhart, Moore and Wall received an option grant for service as either the Lead Independent Director or Chair of a Board Committee. Mr. Wallace was appointed to the Board on March 16, 2011 and received a number of RSUs and an option grant for a number of shares as indicated in the table below. All such equity awards were received as compensation for service as a Board member, Lead Independent Director or Committee Chairperson, as applicable, in accordance with our director compensation policy described above.

Name	**Restricted Stock Units (in Shares)**	**Stock Option Grants (in Shares)**	**Stock Option Exercise Price ($)(1)**	**Grant Date**
Nicholas G. Moore	3,333	10,000	$ 40.38	August 31, 2010
Nicholas G. Moore		10,000	$ 43.07	September 2, 2010
Jeffry R. Allen		20,000	$ 40.38	August 31, 2010
Jeffry R. Allen		5,000	$ 43.07	September 2, 2010
Alan L. Earhart	3,333	10,000	$ 40.38	August 31, 2010
Alan L. Earhart		5,000	$ 43.07	September 2, 2010
Gerald Held	3,333	10,000	$ 40.38	August 31, 2010
Mark Leslie(2)				
T. Michael Nevens		20,000	$ 40.38	August 31, 2010
George Shaheen		20,000	$ 40.38	August 31, 2010
Donald T. Valentine(2)				
Robert T. Wall		20,000	$ 40.38	August 31, 2010
Robert T. Wall		5,000	$ 43.07	September 2, 2010
Richard P. Wallace	9,166	27,500	$ 46.77	March 16, 2011

(1) Represents the fair market value per share of common stock on the grant date.

(2) Messrs. Leslie and Valentine did not stand for re-election at the 2010 Annual Meeting and did not receive any equity grants at the 2010 Annual Meeting.

Fiscal 2012

In June 2011, the Compensation Committee evaluated the compensation for nonemployee directors and approved changes to reduce the amount of equity awards to nonemployee directors. The following table sets forth a summary of our total compensation policy for our nonemployee directors for fiscal year 2012:

Position	Annual Cash Retainer	Equity Grant/Stock Options	
		Initial Grant	Annual Grant
Board Member	$ 50,000	$ 500,000	17,000
Lead Independent Director	$ 30,000		3,000
Audit Committee:			
Chairperson	$ 30,000		3,000
Member	$ 15,000		
Compensation Committee:			
Chairperson	$ 16,000		3,000
Member	$ 8,000		
Corporate Governance and Nominating Committee:			
Chairperson	$ 10,000		3,000
Member	$ 5,000		
Strategy Committee:			
Chairperson	$ 10,000		3,000
Member	$ 5,000		

The change in the initial equity award for new nonemployee directors is represented as a dollar value rather than a fixed number of shares. For these purposes, the value of any awards of restricted stock or restricted stock units will equal the product of the fair market value of one share of common stock on the grant date of such award, and the aggregate number of shares of restricted stock or number of restricted stock units. With respect to stock options, the value is determined by using the Black-Scholes option valuation methodology, or such other methodology the Board or Compensation Committee may determine, on the grant date of the option. Additionally, the size of annual equity awards was reduced to reflect the increase in our stock price, which resulted in a greater value being attributed to those awards and resulted in the directors equity compensation being at a greater percentile relative to our peer group than desired. The size of the new equity awards puts the directors compensation nearer to historical levels. Other than the changes made with respect to the amount of the equity grants, the terms of the compensation arrangement for nonemployee directors remain the same as they were for fiscal 2011.

Vote Required

Directors are elected by a plurality vote. The 10 nominees for director receiving the highest number of affirmative votes of the shares entitled to be voted for them shall be elected as directors. Votes against, abstentions and broker nonvotes have no legal effect on the election of directors due to the fact that such elections are by plurality. Unless you indicate otherwise, your proxy will be voted FOR the election of each nominee.

The Board of Directors Unanimously Recommends That Stockholders

Vote FOR the Election of All Nominees Named Above

PROPOSAL NO. 2

AMENDMENT TO THE COMPANY S 1999 STOCK OPTION PLAN

Summary

We are asking our stockholders to approve an amendment to the 1999 Stock Option Plan (the 1999 Plan) to increase by 7,700,000 the number of shares that may be issued thereunder. The Board has approved the increase in the number of shares reserved for issuance under the 1999 Plan, subject to approval from stockholders at the Annual Meeting. We are also seeking stockholder approval of the material terms of the 1999 Plan for purposes of complying with Section 162(m) of the Internal Revenue Code of 1986, as amended (Section 162(m)). Approval of the amendment to the 1999 Plan requires the affirmative vote of a majority of the Votes Cast. The Company s named executive officers and directors have an interest in this proposal.

The 1999 Plan is intended to increase incentives and to encourage share ownership on the part of eligible employees, nonemployee directors and consultants who provide significant services to the Company and its affiliates. The Company believes strongly that the approval of the amendment to the 1999 Plan is essential to attracting and retaining our most valuable asset, our employees. Offering a broad-based equity compensation program is vital to attracting and retaining highly skilled people in our industry. The Company believes that employees who have a stake in the future success of our business become highly motivated to achieve our long-term business goals and increase stockholder value. At this important time in our history, the Company s employees innovation and productivity are critical to its success in a highly competitive and fast-paced industry. The 1999 Plan is designed to assist in recruiting, motivating and retaining talented employees who help us achieve the Company s business goals, including creating long-term value for stockholders.

Approval of the amended 1999 Plan will also allow the Company to continue to deduct in full for federal income tax purposes the compensation recognized by our executive officers in connection with certain awards granted under the 1999 Plan. Section 162(m) generally denies a corporate tax deduction for annual compensation exceeding $1,000,000 paid to the chief executive officer and other covered employees as determined under Section 162(m) and applicable guidance. However, certain types of compensation, including performance-based compensation, are generally excluded from this deductibility limit. To enable compensation in connection with stock options, stock appreciation rights and certain stock issuances, restricted stock units, performance shares and performance units awarded under the 1999 Plan to continue to qualify as performance-based compensation within the meaning of Section 162(m), we are asking our stockholders to approve the amended 1999 Plan thereby permitting the Company to continue to receive a federal income tax deduction in connection with such awards.

Description of the 1999 Plan

The following paragraphs provide a summary of the principal features of the 1999 Plan and its operation. The 1999 Plan is set forth in its entirety and has been filed as Appendix A to this Proxy Statement with the SEC. The following summary is qualified in its entirety by reference to the complete text of the 1999 Plan. Any stockholder who wants to obtain a copy of the actual plan document may do so by written request to the Corporate Secretary at the Company s principal offices in Sunnyvale, California.

The 1999 Plan is divided into five separate equity programs:

1. *Discretionary Option Grant Program* Under the Discretionary Option Grant Program, the Plan Administrator is able to grant options to purchase shares at an exercise price not less than the fair market value of those shares on the grant date.

2. *Stock Appreciation Rights Program* Under the Stock Appreciation Rights Program, the Plan Administrator is able to grant stock appreciation rights that will allow individuals to receive the appreciation in the shares subject to the award between the date of grant and the exercise date.

3. *Stock Issuance Program* Under the Stock Issuance Program, the Plan Administrator is able to make direct issuances of shares either through the issuance (or promise to issue) or immediate purchase of such shares or as a bonus for services rendered by participants on such terms as the Plan Administrator deems appropriate. In addition, the Plan Administrator is able to make grants of RSUs on such terms as the Plan Administrator deems appropriate.

4. *Performance Share and Performance Unit Program* Under the Performance Share and Performance Unit Program, the Plan Administrator is able to grant performance shares and performance units, which are awards that will result in a payment to a participant only if the performance goals or other vesting criteria established by the Plan Administrator are achieved or the awards otherwise vest.

5. *Automatic Award Program* Under the Automatic Award Program nonemployee directors automatically receive award grants at periodic intervals to purchase or receive shares.

Administration of the 1999 Plan

The Compensation Committee of the Board of Directors administers the 1999 Plan (Plan Administrator). The members of the Compensation Committee qualify as nonemployee directors under Rule 16b-3 of the Exchange Act and as outside directors under Section 162(m) such that the Company can receive a federal tax deduction for certain compensation paid under the 1999 Plan.

Subject to the terms of the 1999 Plan, the Plan Administrator has the sole discretion to select the employees, consultants, nonemployee directors and other independent advisors who will receive awards, determine the terms and conditions of awards (for example, the exercise price and vesting schedule), and interpret the provisions of the 1999 Plan and outstanding awards, provided, however, that the Company is unable (without the approval of stockholders) to reduce the exercise price of any outstanding stock options or stock appreciation rights granted under the 1999 Plan or cancel any outstanding stock options or stock appreciation rights and immediately replace them with new stock options or stock appreciation rights with a lower exercise price, awards of a different type, and/or cash. Administration of the Automatic Award Program will be self-executing in accordance with the terms of the program, but the Plan Administrator will have discretion to revise the amount or type of award made under the program on a prospective basis. Subject to the terms of our Compensation Committee Charter, the Compensation Committee may delegate any part of its authority and powers under the 1999 Plan to a subcommittee consisting of at least two members, at least one of whom must be a member of the Board and the other of whom may be an officer or the Company s executive vice president of human resources, subject to Section 16(b) of the Exchange Act (such officers are referred to herein as executive officers), but only the Compensation Committee itself can make awards to participants who are executive officers of the Company.

Shares Subject to the 1999 Plan

If Proposal No. 2 is approved, a total of 104,030,429 shares will be reserved for issuance under the 1999 Plan. As of June 20, 2011, 32,642,676 shares were subject to outstanding awards granted under the 1999 Plan, of which 22,762,188 shares are subject to option awards and 9,880,488 shares are subject to full value awards, 10,899,214 shares remained available for any new awards to be granted in the future, of which 6,304,509 shares may be granted as RSUs or other full value awards, and 52,788,539 shares had been issued pursuant to awards thereunder. The outstanding option awards have a weighted average exercise price of $29.34 per share and a weighted average remaining term of 4.55 years. The closing price of our common stock was $49.705 on June 20, 2011.

If an award expires or is cancelled without having been fully exercised or vested, the unvested or cancelled shares generally will be returned to the available pool of shares reserved for issuance under the 1999 Plan. Also, in the event any change is made to our common stock issuable under the 1999 Plan by reason of any stock split, stock dividend, recapitalization, combination of shares, merger, reorganization, consolidation, recapitalization, exchange of shares, or other change in capitalization of the Company affecting the common stock as a class without the Company s receipt of consideration, appropriate adjustments will be made to (1) the maximum number and/or class of securities issuable under the 1999 Plan, (2) the maximum number and/or class of securities for which any one individual may be granted stock options, stock appreciation rights, stock issuances, RSUs or performance shares and performance units under the 1999 Plan per calendar year, (3) the class and/or number of securities and the purchase price per share in effect under each outstanding award, and (4) the class and/or number of securities for which automatic awards are to be subsequently made under the Automatic Award Program. The Plan Administrator will make adjustments to outstanding awards to prevent the dilution or enlargement of benefits intended to be provided thereunder.

Discretionary Option Grant Program

A stock option is the right to acquire shares at a fixed exercise price for a fixed period of time. Under the Discretionary Option Grant Program, the Plan Administrator may grant nonstatutory stock options and/or incentive stock options (which entitle the recipients, but not the Company, to more favorable tax treatment). The Plan Administrator will determine the number of shares covered by each option, but during any calendar year, no participant may be granted options and/or stock appreciation rights covering more than 3,000,000 shares.

The exercise price of each option is set by the Plan Administrator but cannot be less than 100% of the fair market value of the shares covered by the option on the date of grant. The exercise price of an incentive stock option must be at least 110% of fair market value if on the grant date the participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries.

An option granted under the Discretionary Option Grant Program cannot be exercised until it becomes vested. The Plan Administrator establishes the vesting schedule of each option at the time of grant. Options become exercisable at the times and on the terms established by the Plan Administrator. To the extent the aggregate fair market value of the shares (determined on the grant date) covered by incentive stock options first becomes exercisable by any participant during any calendar year is greater than $100,000, the excess above $100,000 will be treated as a nonstatutory stock option. Options granted under the 1999 Plan expire at the times established by the Plan Administrator, but not later than seven (7) years after the grant date.

Stock Appreciation Rights Program

A stock appreciation right is the right to receive the appreciation in fair market value of the shares subject to the award between the exercise date and the date of grant. We can pay the appreciation in either cash or shares. Stock appreciation rights will become exercisable at the times and on the terms established by the Plan Administrator, subject to the terms of the 1999 Plan. No participant will be granted stock appreciation rights and/or options covering more than 3,000,000 shares during any calendar year. The exercise price of each stock appreciation right is set by the Plan Administrator but cannot be less than 100% of the fair market value of the shares covered by the award on the date of grant. A stock appreciation right granted under the 1999 Plan cannot be exercised until it becomes vested. The Plan Administrator establishes the vesting schedule of each stock appreciation right at the time of grant. Stock appreciation rights granted under the 1999 Plan expire at the times established by the Plan Administrator, but not later than seven (7) years after the grant date.

Stock Issuance Program

Stock issuances are awards where shares are or will be issued to a participant and the participant s right to retain or receive such shares will vest in accordance with the terms and conditions established by the Plan Administrator. RSUs are awards that will result in a payment to a participant only if the performance goals or other vesting criteria established by the Plan Administrator are achieved or the awards otherwise vest. The number of shares covered by a stock issuance award or restricted stock unit awards will be determined by the Plan Administrator, but during any calendar year no participant may be granted an award covering more than 200,000 shares. No more than 8,893,237 shares plus the sum of (i) 50% of the number of shares subject to outstanding awards as of August 17, 2009 that are cancelled and returned to the 1999 Plan pursuant to its terms, and (ii) 50% of the number of shares that are added to the 1999 Plan upon approval of the stockholders after the 2009 Annual Meeting, (which includes shares being added to the 1999 Plan pursuant to this proposal), may be issued pursuant to awards under the Stock Issuance and Performance Share and Performance Unit Programs and pursuant to RSUs issued under the Automatic Award Program. In determining whether an award should be made and/or the vesting schedule for any such award, the Plan Administrator may impose whatever conditions to vesting as it determines to be appropriate. For example, the Plan Administrator may determine to make an award only if the participant satisfies performance goals established by the Plan Administrator.

Performance Share and Performance Unit Program

Performance shares and performance units are awards that will result in a payment to a participant only if the performance goals or other vesting criteria established by the Plan Administrator are achieved or the awards otherwise vest. The Plan Administrator will establish organizational, individual performance goals or other vesting criteria at its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid to participants. No participant will receive performance units with an initial value greater than $2,000,000 and no participant will receive more than 200,000 performance shares during any calendar year. Performance units will have an initial dollar value established by the Plan Administrator prior to the grant date. Performance shares will have an initial value equal to the fair market value of a share on the grant date. No more than 8,893,237 shares plus the sum of (i) 50% of the number of shares subject to outstanding awards as of August 17, 2009 that are cancelled and returned to the 199