



NetApp, Inc.

Related Party Transaction Policy and Procedures

Policy

NetApp, Inc. (the “**Company**”) recognizes that Interested Transactions with Related Parties, as those terms are defined in this policy, can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s and its stockholders’ best interests. Accordingly, as a general matter, it is the Company’s preference to avoid Interested Transactions. Nevertheless, the Company recognizes that there are situations where Interested Transactions may be in, or may not be inconsistent with, the best interests of the Company and its stockholders, such as situations in which the Company may obtain products or services of a nature, quantity or quality that are not readily available from alternative sources or when the Company provides products or services to Related Parties (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally.

Purpose

The Corporate Governance and Nominating Committee (the “**Committee**”) of the Company’s Board of Directors (the “**Board**”) has adopted this Related Party Transactions Policy and Procedures in order to set forth the guidelines under which certain transactions must be reviewed and approved or ratified by the Committee.

Definitions

An “**Interested Transaction**” is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved is or is expected to exceed \$120,000 since the beginning of the Company’s last completed fiscal year, (2) the Company or any of its subsidiaries is a participant, and (3) any Related Party has or will have a direct or indirect material interest. For transactions entered into since the beginning of the Company’s last fiscal year, the “amount involved” shall be the total contract value or expense incurred. For transactions entered into before the beginning of the Company’s last fiscal year that provide for periodic payments or installments due on or after the beginning of the Company’s last fiscal year, the “amount involved” shall include the aggregate amount of all periodic payments or installments due on or after the beginning of the last fiscal year, including any required or optional payments due during or at the conclusion of the transaction (unless another method of determining such amount is specified for purposes of a standing pre-approval). A Related Party shall not be deemed to have an indirect interest where the interest arises solely as a result of such person’s position as a member of the board of directors of another organization that is a party to the transaction or from the direct or indirect ownership by such person and all other Related

Parties, in the aggregate, of less than a ten percent equity interest in another person (other than a partnership) which is a party to the transaction, or both.

A “**Related Party**” is any (a) person who is or was (since the beginning of the last fiscal year, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director, (b) greater than 5 percent beneficial owner of the Company’s common stock, or (c) immediate family member of any of the foregoing.

“**Immediate Family Member**” includes a person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person’s home (other than a tenant or employee).

Procedures

The Committee shall review the material facts of all Interested Transactions that require the Committee’s approval and either approve or disapprove of the entry into the Interested Transaction, subject to the exceptions described below. If advance Committee approval of an Interested Transaction is not feasible, then the Interested Transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee’s next regularly scheduled meeting. In determining whether to approve or ratify an Interested Transaction, the Committee will take into account, among other factors it deems appropriate, the following factors to the extent relevant to the Interested Transaction:

- whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances;
- whether there are business reasons for the Company and the extent of the Related Party’s interest in the Interested Transaction;
- whether the Interested Transaction would impair the independence of an outside director; and
- whether the Interested Transaction would present an improper conflict of interest for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director’s, executive officer’s or Related Person’s interest in the transaction and the ongoing nature of any proposed relationship.

Identification of Interested Transaction

Interested Transactions will be brought to management’s and the Board’s attention in a number of ways. On an annual basis, each director and executive officer will be asked to complete a questionnaire designed to elicit information about any potential Interested Transaction.

Each director and executive officer is expected to notify the Company’s General Counsel of any updates to the list of Related Parties, his or her employment, entities in which he or she has a 5% or greater beneficial ownership interest, and any relationships with charitable organizations. The Legal Department shall prepare, maintain, and update the list of Related Persons as appropriate.

Any potential Interested Transactions that are brought to the General Counsel's attention, including through the annual questionnaire, will be analyzed to determine whether the transaction or relationship does, in fact, constitute an Interested Transaction requiring compliance with this policy. Upon a determination by the General Counsel that a transaction is an Interested Transaction requiring review under this policy, the material facts concerning the Interested Transaction and the Related Person's interest in the Interested Transaction shall be disclosed to the Committee. The General Counsel shall also provide to the Committee a brief summary of any potential Interested Transaction that is reviewed by Legal Department and deemed not to be an Interested Transaction. Further, the Legal Department shall monitor potential Interested Transactions on an ongoing basis and provide a quarterly report to the Committee on the status of such transactions, which report shall also include transactions with other companies at which a Related Party's only relationship is as a director.

The Committee has reviewed the Interested Transactions described below in "Standing Pre-Approval for Certain Interested Transactions" and determined that each of the Interested Transactions described therein shall be deemed to be pre-approved or ratified (as applicable) by the Committee under the terms of this policy. In addition, the Board of Directors has delegated to the Chair of the Committee the authority to pre-approve or ratify (as applicable) any Interested Transaction with a Related Party in which the aggregate amount involved is expected to be less than \$1,000,000. In connection with each regularly scheduled meeting of the Committee, each new Interested Transaction pre-approved by the Chair in accordance with this paragraph shall be provided to the Committee for its review.

No director shall participate in any discussion or approval of an Interested Transaction for which he or she (or an immediate family member, as defined below) is a Related Party, except that the director shall provide all material information concerning the Interested Transaction to the Committee.

If an Interested Transaction will be ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to see that they are in compliance with the Committee's guidelines and that the Interested Transaction remains appropriate.

Standing Pre-Approval for Certain Interested Transactions

The Committee has reviewed the types of Interested Transactions described below and determined that each of the following Interested Transactions shall be deemed to be preapproved by the Committee, even if the aggregate amount involved will exceed \$120,000.

1. *Employment of executive officers.* Any employment by the Company of an executive officer of the Company if:

- a. the related compensation is required to be reported in the Company's proxy statement under Item 402 of the Securities and Exchange Commission's ("SEC's") Regulation S-K compensation disclosure requirements (generally applicable to "named executive

officers”); or

b. the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company’s proxy statement under Item 402 of the SEC’s Regulation S-K compensation disclosure requirements if the executive officer was a “named executive officer”, and the Company’s Compensation Committee approved (or recommended that the Board of Directors approve) such compensation.

2. Director compensation. Any compensation paid to a director if the compensation is required to be reported in the Company’s proxy statement under Item 402 of the SEC’s Regulation S-K compensation disclosure requirements.

3. Certain transactions with other companies. Any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) with another company at which a Related Person’s only relationship is as an employee (other than an executive officer), director or equity owner of, together with all other Related Parties, less than 10% of that other company’s shares, if the aggregate amount involved, since the beginning of the Company’s last completed fiscal year, exceeds \$120,000 but does not exceed the greater of (i) \$200,000, or (ii) 5 percent of the recipient’s total annual revenues.

4. Certain Company charitable contributions. Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Person’s only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved, since the beginning of the Company’s last completed fiscal year, exceeds \$120,000 but does not exceed the lesser of (i) \$200,000, or (ii) 5 percent of the charitable organization’s total annual revenues.

5. Transactions where all shareholders receive proportional benefits. Any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships where the Related Person’s interest arises solely from the ownership of the Company’s common stock and all holders of the Company’s common stock received the same benefit on a *pro rata* basis (*e.g.* dividends).

6. Certain banking-related services. Any transaction with a Related Party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

7. Certain pre-approved transactions. The Committee may establish guidelines, via resolution, under which certain transactions that would otherwise be subject to approval or ratification in accordance with the procedures set forth above are deemed pre-approved. Thereafter, the Committee, from time to time as the Committee deems appropriate, shall review both any such guidelines and the Company’s relationship and transactions with any company with which the Company does business pursuant to any such guidelines.