ACI WORLDWIDE, INC.
Form 8-K
July 29, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): July 29, 2010 (July 29, 2010)

ACI WORLDWIDE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**0-25346**	**47-0772104**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

120 Broadway, Suite 3350
New York, New York 10271
(Address of principal executive offices) (Zip Code)
Registrant s Telephone Number, Including Area Code: (646) 348-6700
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operation and Financial Condition.

On July 29, 2010, ACI Worldwide, Inc. (the Company) issued a press release announcing its financial results for the three months ended June 30, 2010. A copy of this press release is attached hereto as Exhibit 99.1.

The foregoing information (including the exhibits hereto) is being furnished under Item 2.02 Results of Operations and Financial Condition and Item 7.01- Regulation FD Disclosure. Such information (including the exhibits hereto) shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

The filing of this report and the furnishing of this information pursuant to Items 2.02 and 7.01 do not mean that such information is material or that disclosure of such information is required.

Item 7.01. Regulation FD Disclosure.

See Item 2.02- Results of Operations and Financial Condition above.

Item 9.01. Financial Statements and Exhibits.

99.1 Press Release dated July 29, 2010

99.2 Investor presentation materials dated July 29, 2010

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ACI WORLDWIDE, INC.

/s/ Scott W. Behrens
Scott W. Behrens, Senior Vice President,
Chief Financial Officer and Chief
Accounting Officer

Date: July 29, 2010

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated July 29, 2010
99.2	Investor presentation materials dated July 29, 2010

4

ght:normal;font-style:normal;text-transform:none;font-variant: normal;">

352

372

Furniture and fixtures

88

85

Construction-in-progress

74

33

2,191

2,223

Accumulated depreciation and amortization

(1,254

)

(1,193

)

Property and equipment, net

$

937

$

1,030

On April 19, 2016, we sold certain buildings and land in Sunnyvale, California which had a net book value of $118 million at the time of sale, for $250 million in cash. As described in Note 10 – Financing Arrangements, certain of the properties did not qualify as sales under accounting standards due to continuing involvement related to leaseback arrangements. The remaining properties, which had a net book value of $51 million and related sales proceeds of $102 million, were recognized as sales, resulting in a gain of $51 million in fiscal 2016.

Depreciation and amortization expense related to property and equipment, net is summarized below (in millions):

	Year Ended		
	April 29, 2016	April 24, 2015	April 25, 2014
Depreciation and amortization expense	$212	$ 243	$ 275

65

Other non-current assets (in millions):

	April 29, 2016	April 24, 2015
Deferred tax assets	$621	$ 256
Other assets	175	225
Other non-current assets	$796	$ 481

Accrued expenses (in millions):

	April 29, 2016	April 24, 2015
Accrued compensation and benefits	$371	$ 359
Product warranty liability	48	58
Other current liabilities	346	284
Accrued expenses	$765	$ 701

Product warranty liabilities:

Equipment and software systems sales include a standard product warranty. The following tables summarize the activity related to product warranty liabilities and their balances as reported in our consolidated balance sheets (in millions):

	Year Ended	
	April 29, 2016	April 24, 2015
Balance at beginning of period	$86	$110
Expense accrued during the period	35	35
Warranty costs incurred	(51)	(59)
Balance at end of period	$70	$86

	April 29, 2016	April 24, 2015
Accrued expenses	$ 48	$ 58

Other long-term liabilities	22	28
Total warranty liabilities	$ 70	$ 86

Warranty expense accrued during the period includes amounts accrued for systems at the time of shipment, adjustments for changes in estimated costs for warranties on systems shipped in the period and changes in estimated costs for warranties on systems shipped in prior periods.

Deferred revenue and financed unearned services revenue (in millions):

	April 29, 2016	April 24, 2015
Deferred product revenue	$68	$ 17
Deferred services revenue	3,100	3,075
Financed unearned services revenue	217	105
Total	$3,385	$ 3,197
Reported as:		
Short-term	$1,794	$ 1,724
Long-term	1,591	1,473
Total	$3,385	$ 3,197

Deferred product revenue represents unrecognized revenue related to undelivered product commitments and other product deliveries that have not met all revenue recognition criteria. Deferred services revenue represents customer payments made in advance for services, which include software and hardware maintenance contracts and other services. Financed unearned services revenue represents undelivered services for which cash has been received under certain third-party financing arrangements. See Note 18 for additional information related to these arrangements.

8. Other income (expense), net

Other income (expense), net consists of the following (in millions):

	Year Ended		
	April 29, 2016	April 24, 2015	April 25, 2014
Interest income	$46	$37	$ 35
Interest expense	(49)	(42)	(36)
Other income, net	—	2	8
Total other income (expense), net	$(3)	$(3)	$ 7

9. Financial Instruments and Fair Value Measurements

The accounting guidance for fair value measurements provides a framework for measuring fair value on either a recurring or nonrecurring basis, whereby the inputs used in valuation techniques are assigned a hierarchical level. The following are the three levels of inputs to measure fair value:

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs that reflect quoted prices for identical assets or liabilities in less active markets; quoted prices for similar assets or liabilities in active markets; benchmark yields, reported trades, broker/dealer quotes, inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs that reflect our own assumptions incorporated in valuation techniques used to measure fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

We consider an active market to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and consider an inactive market to be one in which there are infrequent or few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers. Where appropriate, our own or the counterparty’s non-performance risk is considered in measuring the fair values of liabilities and assets, respectively.

Investments

The following is a summary of our investments (in millions):

	April 29, 2016				April 24, 2015			
	Cost or Amortized Cost	Gross Unrealized Gains	Losses	Estimated Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Losses	Estimated Fair Value
Corporate bonds	$1,370	$ 5	$ (1)	$ 1,374	$2,249	$ 9	$ —	$ 2,258
U.S. Treasury and government debt securities	878	2	—	880	1,056	2	—	1,058
Foreign government debt securities	35	—	—	35	38	—	—	38
Commercial paper	202	—	—	202	20	—	—	20
Certificates of deposit	98	—	—	98	286	—	—	286
Mutual funds	30	—	—	30	32	—	—	32
Total debt and equity securities	$2,613	$ 7	$ (1)	$ 2,619	$3,681	$ 11	$ —	$ 3,692

As of April 29, 2016 and April 24, 2015, gross unrealized losses related to individual securities were not significant.

67

The following table presents the contractual maturities of our debt investments as of April 29, 2016 (in millions):

	Amortized Cost	Fair Value
Due in one year or less	$ 901	$902
Due after one year through five years	1,682	1,687
	$ 2,583	$2,589

Actual maturities may differ from the contractual maturities because borrowers may have the right to call or prepay certain obligations.

Fair Value of Financial Instruments

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis (in millions):

	April 29, 2016		
		Fair Value Measurements at Reporting Date Using	
	Total	Level 1	Level 2
Cash	$2,714	$2,714	$—
Corporate bonds	1,374	—	1,374
U.S. Treasury and government debt securities	880	276	604
Foreign government debt securities	35	—	35
Commercial paper	202	—	202
Certificates of deposit	98	—	98
Total cash, cash equivalents and short-term investments	$5,303	$2,990	$2,313
Other items:			
Mutual funds (1)	$5	$5	$—
Mutual funds (2)	$25	$25	$—
Foreign currency exchange contracts assets (1)	$3	$—	$3
Foreign currency exchange contracts liabilities (3)	$(8)	$—	$(8)

	April 24, 2015		
		Fair Value Measurements at Reporting Date Using	
	Total	Level 1	Level 2
Cash	$1,666	$1,666	$—
Corporate bonds	2,258	—	2,258

U.S. Treasury and government debt securities	1,058	145	913
Foreign government debt securities	38	—	38
Commercial paper	20	—	20
Certificates of deposit	286	—	286
Total cash, cash equivalents and short-term investments	$5,326	$1,811	$3,515
Other items:			
Mutual funds [(1)]	$3	$3	$—
Mutual funds [(2)]	$29	$29	$—
Foreign currency exchange contracts assets [(1)]	$3	$—	$3

[(1)] Reported as other current assets in the consolidated balance sheets
[(2)] Reported as other non-current assets in the consolidated balance sheets
[(3)] Reported as accrued expenses in the consolidated balance sheets

Our Level 2 debt instruments are held by a custodian who prices some of the investments using standard inputs in various asset price models or obtains investment prices from third-party pricing providers that incorporate standard inputs in various asset price models. These pricing providers utilize the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, use other observable inputs like market transactions involving identical or comparable securities. We review Level 2 inputs and fair value for reasonableness and the values may be further validated by comparison to multiple independent pricing sources. In addition, we review third-party pricing provider models, key inputs and assumptions and understand the pricing processes at our third-party providers in determining the overall reasonableness of the fair value of our Level 2 debt instruments. As of April 29, 2016 and April 24, 2015, we have not made any adjustments to the prices obtained from our third-party pricing providers.

Fair Value of Long-Term Debt

As of April 29, 2016 and April 24, 2015, the fair value of our long-term debt was approximately $1,519 million and $1,524 million, respectively. The fair value of our long-term debt was based on observable market prices in a less active market. All of our debt obligations are categorized as Level 2 instruments.

10. Financing Arrangements

Long-Term Debt

The following table summarizes information relating to our long-term debt (in millions, except interest rates):

	April 29, 2016		April 24, 2015	
	Amount	Effective Interest Rate	Amount	Effective Interest Rate
2.00% Senior Notes Due 2017	$750	2.25 %	$750	2.25 %
3.375% Senior Notes Due 2021	500	3.54 %	500	3.54 %
3.25% Senior Notes Due 2022	250	3.43 %	250	3.43 %
Total principal amount	1,500		1,500	
Less:				
Unamortized discount	(4)		(5)	
Unamortized issuance costs	(6)		(8)	
Total long-term debt	$1,490		$1,487	

Senior Notes

In June 2014, we issued $500 million aggregate par value of 3.375% Senior Notes due June 15, 2021, and received proceeds of approximately $495 million, net of discount and issuance costs. Our 2.00% Senior Notes and 3.25% Senior Notes, with a par value of $750 million and $250 million, respectively, were issued in December 2012. We collectively refer to such long-term debt as our Senior Notes. Interest on our Senior Notes is paid semi-annually on June 15 and December 15. Our Senior Notes, which are unsecured, unsubordinated obligations, rank equally in right of payment with any future senior unsecured indebtedness.

We may redeem the Senior Notes in whole or in part, at any time at our option at specified redemption prices. In addition, upon the occurrence of certain change of control triggering events, we may be required to repurchase the Senior Notes under specified terms. The Senior Notes also include covenants that limit our ability to incur debt secured by liens on assets or on shares of stock or indebtedness of our subsidiaries; to engage in certain sale and lease-back transactions; and to consolidate, merge or sell all or substantially all of our assets. As of April 29, 2016, we were in compliance with all covenants associated with the Senior Notes.

As of April 29, 2016, our aggregate future principal debt maturities are as follows (in millions):

Fiscal Year	Amount
2018	$ 750
Thereafter	750
Total	$ 1,500

1.75% Convertible Senior Notes due 2013 settled in June 2013

On June 10, 2008, we issued $1,265 million aggregate principal amount of 1.75% Convertible Senior Notes (the Convertible Notes) that matured in June 2013. Upon maturity, the Convertible Notes were converted into shares of common stock at a conversion rate of 31.40 shares of common stock per $1,000 principal amount of the Convertible Notes (which represented the effective conversion price of $31.85 per share). Upon conversion in June 2013, the holders received cash for the principal amount of the Convertible Notes and an aggregate of 5 million shares of common stock for the $179 million excess of the conversion value over the principal amount.

We separately accounted for the liability and equity components of the Convertible Notes. The initial debt component of the Convertible Notes was valued at $1,017 million based on the contractual cash flows discounted at an appropriate comparable market non-convertible debt borrowing rate at the date of issuance of 6.31%, with the equity component representing the residual amount of the proceeds of $248 million which was recorded as a debt discount. Issuance costs were allocated pro-rata based on the relative initial carrying amounts of the debt and equity components. As a result, $5 million of the issuance costs was allocated to the equity component of the Convertible Notes, and $21 million of the issuance costs remained classified as other non-current assets. The debt discount and the issuance costs allocated to the debt component were amortized as additional interest expense over the term of the Convertible Notes using the effective interest method.

The interest expense recognized on the Convertible Notes consisted of the following (in millions):

	Year Ended April 25, 2014
Contractual coupon interest expense	$ 2
Amortization of debt discount	7
Amortization of debt issuance costs	1
Total interest expense related to Convertible Notes	$ 10

Concurrent with the issuance of the Convertible Notes, we entered into arrangements to buy up to approximately 32 million shares of our common stock, at a price of $31.85 per share. During fiscal 2014, concurrent with the repayment and conversion of the Convertible Notes, we exercised the Convertible Note hedges which were net settled for an aggregate of 4 million shares from the counterparties. We also entered into separate transactions in which we sold warrants to acquire 40 million shares of our common stock at an exercise price of $41.28 per share. During fiscal 2014, 32 million warrants were exercised at a weighted-average price of $43.09 and were net settled with 1 million shares of our common stock, equal to the difference between the market price on the date of exercise and the exercise price of the warrants on their respective exercise dates, and the remaining warrants expired unexercised.

Credit Facility

In December 2012, as amended in February 2016, we entered into a credit agreement with a syndicated group of lenders that is scheduled to expire on December 21, 2017 and provides for an unsecured $300 million revolving credit facility that is comprised of revolving loans, Eurocurrency loans and/or swingline loans. The credit facility includes a $100 million foreign currency sub-facility, a $50 million letter of credit sub-facility and a $10 million swingline sub-facility available on same-day notice. Available borrowings under the credit facility are reduced by the amount of any outstanding borrowings on the sub-facilities. We may also, subject to certain requirements, request an increase in the facility up to an additional $50 million and request two additional one-year extensions, subject to certain conditions. The proceeds from the facility may be used by us for general corporate purposes.

Borrowings under the facility, except for swingline loans, accrue interest in arrears at an alternate base rate as defined in the credit agreement or, at our option, an adjusted London Interbank Offered Rate (LIBOR) plus in each case, a spread (based on our public debt ratings and the type of loan) ranging from 0.2% to 1.2%. Swingline borrowings accrue interest at an alternate base rate. In addition, we are required to pay fees to maintain the credit facility, whether or not we have outstanding borrowings. The facility contains financial covenants requiring us to maintain a maximum leverage ratio of not more than 3.0:1.0 and a minimum interest coverage ratio of not less than 3.5:1.0. The facility contains customary affirmative and negative covenants, including covenants that limit our ability to incur debt secured by liens on assets or indebtedness of our subsidiaries and to consolidate, merge or sell all or substantially all of our assets. As of April 29, 2016, no borrowings were outstanding under the facility and we were in compliance with all covenants associated with the facility.

Short-Term Loan

In connection with the SolidFire acquisition, we entered into a short-term loan of $870 million that matures on November 2, 2016, of which we repaid $20 million in fiscal 2016. We may repay the loan before its maturity without penalty; however, we may not reborrow any borrowings that were repaid under the term loan agreement. As specified in the term loan agreement, interest on the outstanding borrowings accrues at an adjusted LIBOR plus a spread (based on our public debt ratings) or, at our option, a base rate. The interest rate on the loan as of April 29, 2016 was 1.57%. We may, from time to time, elect to convert the outstanding loan from one rate to another. We expect to repay the loan in full on or before the maturity date using funds generated from our global operations. The loan is subject to the same covenants as our credit facility.

Sale-leaseback Transactions

As discussed in Note 7 – Balance Sheet Details, in fiscal 2016 we entered into a sale-leaseback arrangement of certain of our land and buildings, under which we leased back certain of our properties rent free over lease terms ending at various dates ranging from March 31, 2017 to December 31, 2017, unless terminated early by us. Due to the existence of a prohibited form of continuing involvement, these properties did not qualify for sale-leaseback accounting and as a result they have been accounted for as financing transactions under lease accounting standards. Under the financing method, the assets, which had a net book value of $67 million at the date of the transactions, will remain on our consolidated balance sheets and proceeds received by us from these transactions of $148 million are reported as financing obligations. At the end of each respective leaseback period, or when our continuing involvement under the leaseback agreements ends, each transaction will be reported as a non-cash sale of land and buildings and extinguishment of financing obligations, and the difference between the then net book value of the properties and the unamortized balance of the financing obligations will be recognized as a gain on sale of properties.

11. Stockholders' Equity

Equity Incentive Programs

The 1999 Plan — As most recently amended on September 11, 2015, the 1999 Stock Option Plan (the Plan) comprises five separate equity incentive programs: (i) the Discretionary Option Grant Program under which options may be granted to eligible individuals at a fixed price per share; (ii) the Stock Appreciation Rights Program under which eligible persons may be granted stock appreciation rights that allow individuals to receive the appreciation in fair market value of the shares; (iii) the Stock Issuance Program under which eligible individuals may be issued shares of common stock directly; (iv) the Performance Share and Performance Unit Program under which eligible persons may be granted performance shares or performance units which result in payment to the participant only if performance goals or other vesting criteria are achieved and (v) the Automatic Award Program under which nonemployee board members automatically receive equity grants at designated intervals over their period of board service. The Plan expires in August 2019.

Under the Plan, the Board of Directors may grant to employees, nonemployee directors, consultants and independent advisors options to purchase shares of our common stock during their period of service. The exercise price for an incentive stock option and a nonstatutory option cannot be less than 100% of the fair market value of the common stock on the grant date. Options granted under the Plan generally vest over a four-year period. Options granted generally have a term of seven years after the grant date, subject to earlier termination upon the occurrence of certain events. The Plan prohibits the repricing of any outstanding stock option or stock appreciation right after it has been granted or to cancel any outstanding stock option or stock appreciation right and immediately replace it with a new stock option or stock appreciation right with a lower exercise price unless approved by stockholders. RSUs granted under the Plan include time-based RSUs that generally vest over a four-year period with 25% vesting on each anniversary of the grant date. The Compensation Committee of the Board of Directors (the Compensation Committee) has the discretion to use different vesting schedules. In addition, performance-based RSUs may be granted under the Plan and are subject to performance criteria and vesting terms specified by the Compensation Committee.

Under the Plan, the number of shares reserved for issuance is reduced by two shares for every share subject to a full value award, which are specified to be grants that are in the form of performance shares and/or performance unit awards, stock, restricted stock or restricted stock units. The Plan (i) limits the number of shares that may be granted pursuant to awards under the Stock Issuance Program to a participant in any calendar year to 1 million, (ii) limits the initial value of performance units a participant may receive to not more than $5 million and (iii) limits the number of performance shares a participant may receive in a calendar year to 1 million.

During fiscal 2016, the shares reserved for issuance under the Plan were increased by approximately 16 million shares. As of April 29, 2016, 23 million shares were available for grant under the Plan.

Stock Options

The following table summarizes activity related to our stock options (in millions, except for exercise price and contractual term):

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at April 26, 2013	19	$ 31.27		
Granted	3	$ 38.26		
Exercised	(6)	$ 25.83		
Forfeited and expired	(1)	$ 42.47		
Outstanding as of April 25, 2014	15	$ 34.10		
Granted	2	$ 36.64		
Exercised	(5)	$ 25.25		
Forfeited and expired	—	$ 42.42		
Outstanding as of April 24, 2015	12	$ 37.74		
Assumed in acquisition	2	$ 5.20		
Exercised	(2)	$ 19.64		
Forfeited and expired	(3)	$ 38.27		
Outstanding as of April 29, 2016	9	$ 34.01	3.52	$ 29
Vested and expected to vest as of April 29, 2016	9	$ 34.52	3.40	$ 26
Exercisable as of April 29, 2016	6	$ 39.98	2.22	$ 3

The aggregate intrinsic value represents the pre-tax difference between the exercise price of stock options and the quoted market price of our stock on that day for all in-the-money options.

Additional information related to our stock options is summarized below (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Intrinsic value of exercises	$16	$70	$ 91
Proceeds received from exercises	$27	$117	$ 164
Fair value of options vested	$15	$33	$ 45

Restricted Stock Units

In fiscal 2016, we granted PBRSUs to certain of our executives. Each PBRSU has performance-based vesting criteria (in addition to the service based vesting criteria) such that the PBRSU cliff-vests at the end of either an approximate two year or three year performance period, which began on the date specified in the grant agreement and ends the last day of fiscal 2017 or 2018, respectively. The number of shares of common stock that will be issued to settle the PBRSUs at the end of the applicable performance and service period will range from 0% to 200% of a target number of shares originally granted, and will depend upon our Total Stockholder Return (TSR) as compared to an index TSR (each expressed as a growth rate percentage) calculated as of the applicable period end date. The fair values of the PBRSUs were fixed at grant date and the related aggregate compensation cost of $20 million is being recognized, adjusted for forfeitures, over the shorter of the remaining applicable performance or service periods. As of April 29, 2016, there were approximately 500 thousand PBRSUs outstanding.

In fiscal 2016, 5 million time-based RSUs granted will vest at 50% annually over two years. All other time-based RSUs will vest over four years.

The following table summarizes activity related to RSUs, including PBRSUs, (in millions, except for fair value):

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at April 26, 2013	13	$ 38.36
Granted	6	$ 38.61
Vested	(4)	$ 38.48
Forfeited	(2)	$ 39.08
Outstanding as of April 25, 2014	13	$ 38.35
Granted	7	$ 35.80
Vested	(5)	$ 40.14
Forfeited	(2)	$ 37.48
Outstanding as of April 24, 2015	13	$ 36.58
Granted	7	$ 29.26
Vested	(5)	$ 37.72
Forfeited	(2)	$ 34.85
Outstanding as of April 29, 2016	13	$ 32.46

We primarily use the net share settlement approach upon vesting, where a portion of the shares are withheld as settlement of statutory employee withholding taxes, which decreases the shares issued to the employee by a corresponding value. The number and value of the shares netted for employee taxes are summarized in the table below (in millions):

	Year Ended		
	April 29, 2016	April 24, 2015	April 25, 2014
Shares withheld for taxes	2	2	1
Fair value of shares withheld	$ 50	$ 57	$ 58

Employee Stock Purchase Plan

Eligible employees are offered shares through a 24-month offering period, which consists of four consecutive 6-month purchase periods. Employees may purchase a limited number of shares of the Company’s stock at a discount of up to 15% of the lesser of the market value at the beginning of the offering period or the end of each 6-month purchase period. On September 11, 2015, the ESPP was amended to increase the shares reserved for issuance by 5 million shares of common stock. As of April 29, 2016, 11 million shares were available for issuance. The following table summarizes activity related to the purchase rights issued under the ESPP (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Shares issued under the ESPP	3	3	4
Proceeds from issuance of shares	$93	$ 97	$ 95

Stock-Based Compensation Expense

Stock-based compensation expense is included in the consolidated statements of operations as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Cost of product revenues	$5	$6	$ 5
Cost of hardware maintenance and other services revenues	19	16	17
Sales and marketing	110	116	125
Research and development	84	84	88
General and administrative	42	37	38
Total stock-based compensation expense	$260	$259	$ 273

73

As of April 29, 2016, total unrecognized compensation expense related to our equity awards was $310 million, which is expected to be recognized on a straight-line basis over a weighted-average remaining service period of 1.8 years.

Total income tax benefit associated with employee stock transactions and recognized in stockholders' equity were as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Income tax benefit associated with employee stock transactions	$59	$ 57	$ 40

Valuation Assumptions

The valuation of stock options, RSUs and ESPP purchase rights and the underlying weighted-average assumptions are summarized as follows:

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Stock options:			
Expected term in years	N/A	4.8	4.8
Risk-free interest rate	N/A	1.6 %	1.1 %
Expected volatility	N/A	29 %	34 %
Expected dividend yield	N/A	1.8 %	1.6 %
Weighted-average fair value per share granted	N/A	$8.24	$ 9.85
RSUs:			
Risk-free interest rate	0.6 %	0.6 %	0.5 %
Expected dividend yield	2.3 %	1.8 %	1.6 %
Weighted-average fair value per share granted	$29.26	$35.80	$ 38.61
ESPP:			
Expected term in years	1.2	1.3	1.2
Risk-free interest rate	0.5 %	0.2 %	0.2 %
Expected volatility	27 %	27 %	31 %
Expected dividend yield	2.3 %	1.8 %	1.6 %
Weighted-average fair value per right granted	$8.18	$9.81	$ 10.83

N/A - Not applicable. No options were granted in fiscal 2016.

In connection with our acquisition of SolidFire, we assumed all of the then outstanding unvested options to purchase SolidFire common stock and converted those into unvested options to purchase 2 million shares of our common stock. The weighted average assumptions used to value these options, as of the acquisition date, were an expected term of 4.3 years, risk-free interest rate of 1.1%, expected volatility of 31% and expected dividend yield of 3.3%. The weighted average fair value per share of these options was $14.32.

Stock Repurchase Program

As of April 29, 2016, our Board of Directors has authorized the repurchase of up to $9.6 billion of our common stock. Under this program, which we may suspend or discontinue at any time, we may purchase shares of our outstanding common stock through open market and privately negotiated transactions at prices deemed appropriate by our management.

74

The following table summarizes activity related to this program (in millions, except per share amounts):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Number of shares repurchased	33	30	47
Average price per share	$28.80	$39.30	$ 39.78
Aggregate purchase price	$960	$1,165	$ 1,881
Remaining authorization at end of period	$1,499	$2,460	$ 1,125

The aggregate purchase price of our stock repurchases for fiscal 2016 consisted of $960 million of open market purchases, of which, $763 million and $197 million was allocated to additional paid-in capital and retained earnings, respectively.

Since the May 13, 2003 inception of our stock repurchase program through April 29, 2016, we repurchased a total of 247 million shares of our common stock at an average price of $32.85 per share, for an aggregate purchase price of $8.1 billion.

Accelerated Share Repurchase Agreement

In fiscal 2014, we entered into a collared Accelerated Share Repurchase (ASR) with a third party under which we prepaid $750 million to purchase shares of our common stock. The aggregate number of shares ultimately purchased was determined based on the volume weighted-average share price of our common stock over a specified period of time. This contract settled in fiscal 2014, resulting in the repurchase of 19 million shares, at an average price per share of $39.13. The value of the ASR forward contract was determined to be $14 million, which was recorded as additional paid-in capital.

Preferred Stock

Our Board of Directors has the authority to issue up to 5 million shares of preferred stock and to determine the price, rights, preferences, privileges, and restrictions, including voting rights, of those shares without any further vote or action by the stockholders. No shares of preferred stock were issued or outstanding in any period presented.

Dividends

The following is a summary of our fiscal 2016, 2015 and 2014 activities related to dividends on our common stock (in millions, except per share amounts).

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Dividends per share declared	$0.72	$0.66	$ 0.60
Dividend payments allocated to additional paid-in capital	$125	$52	$ 50
Dividend payments allocated to retained earnings	$85	$156	$ 152

On May 25, 2016, we declared a cash dividend of $0.19 per share of common stock, payable on July 27, 2016 to holders of record as of the close of business on July 18, 2016. The timing and amount of future dividends will depend on market conditions, corporate business and financial considerations and regulatory requirements. All dividends declared have been determined by the Company to be legally authorized under the laws of the state in which we are incorporated.

Accumulated Other Comprehensive Income (Loss)

Changes in AOCI by component, net of tax, are summarized below (in millions):

	Foreign Currency Translation Adjustments	Defined Benefit Obligation Adjustments	Unrealized Gains (Losses) on Available-for-Sale Securities	Unrealized Gains (Losses) on Derivative Instruments	Total
Balance as of April 25, 2014	$ 5	$ (5)	$ 9	$ —	$ 9
OCI before reclassifications, net of tax	(28)	(8)	2	15	(19)
Amounts reclassified from AOCI, net of tax	—	—	—	(14)	(14)
Total OCI	(28)	(8)	2	1	(33)
Balance as of April 24, 2015	(23)	(13)	11	1	(24)
OCI before reclassifications, net of tax	4	(5)	(4)	(4)	(9)
Amounts reclassified from AOCI, net of tax	—	2	(1)	1	2
Total OCI	4	(3)	(5)	(3)	(7)
Balance as of April 29, 2016	$ (19)	$ (16)	$ 6	$ (2)	$ (31)

The amounts reclassified out of AOCI are as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014	
	Amounts Reclassified from AOCI			Statements of Operations Location
Recognized losses on defined benefit obligations	$ 2	$ —	$ —	Operating expenses
Realized gains on available-for-sale securities	(1)	—	(1)	Other income (expense), net
Realized (gains) losses on cash flow hedges	1	(14)	2	Net revenues
Total reclassifications	$ 2	$ (14)	$ 1	

12. Derivatives and Hedging Activities

We use derivative instruments to manage exposures to foreign currency risk. Our primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. The program is not designated for trading or speculative purposes. Our derivatives expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We seek to mitigate such risk by limiting our counterparties to major financial institutions. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis. We also have in place master netting arrangements to mitigate the credit risk of our counterparties and to potentially reduce our losses due to counterparty nonperformance. We present our derivative instruments as net amounts in our consolidated balance sheets. The gross and net fair value amounts of such instruments were not material as of April 29, 2016 or April 24, 2015. We did not recognize any gains and losses in earnings due to hedge ineffectiveness for any period presented. All contracts have a maturity of less than six months.

Over the next 12 months, we expect an immaterial amount of derivative net gains or losses recorded in AOCI as of April 29, 2016 will be reclassified into net revenues. The maximum length of time over which forecasted foreign currency denominated revenues are hedged is six months.

The notional amount of our outstanding U.S. dollar equivalent foreign currency exchange forward contracts consisted of the following (in millions):

	April 29, 2016	April 24, 2015
Cash Flow Hedges		
Forward contracts purchased	$99	$ 94
Balance Sheet Contracts		
Forward contracts sold	$160	$ 160
Forward contracts purchased	$396	$ 231

The effect of derivative instruments designated as cash flow hedges recognized in net revenues on our consolidated statements of operations is presented in the consolidated statements of comprehensive income (loss) and Note 11 – Stockholders' Equity.

The effect of derivative instruments not designated as hedging instruments recognized in other income (expense), net on our consolidated statements of operations was as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
	Gain (Loss) Recognized into Income		
Foreign currency exchange contracts	$(4)	$ 14	$ 1

13. Restructuring and Other Charges

Beginning in the first quarter of fiscal 2014, management approved several restructuring actions to streamline our business, eliminate costs and redirect resources to our highest return activities. These actions included the May 2013 Plan, the March 2014 Plan, the May 2015 Plan and the March 2016 Plan, under which we reduced our global workforce by approximately 7%, 4%, 3%, and 11%, respectively. We have completed all of these activities, with the exception of the March 2016 Plan, which we expect to complete by the second quarter of fiscal 2017 with no significant additional charges. Restructuring and other charges related to these plans consisted primarily of employee severance-related costs.

Activities related to these plans are summarized as follows (in millions):

	March 2016 Plan	May 2015 Plan	March 2014 Plan	May 2013 Plan	Total
Balance as of April 26, 2013	$ —	$ —	$ —	$ —	$—
Net charges	—	—	39	49	88
Cash payments	—	—	(12)	(49)	(61)
Balance as of April 25, 2014	—	—	27	—	27
Net charges	—	—	—	—	—
Cash payments	—	—	(27)	—	(27)
Balance as of April 24, 2015	—	—	—	—	—
Net charges	80	28	—	—	108
Cash payments	(35)	(28)	—	—	(63)
Balance as of April 29, 2016	$ 45	$ —	$ —	$ —	$45

Liabilities for our restructuring activities are included in accrued expenses in our consolidated balance sheets.

14. Income Taxes

Income before income taxes is as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Domestic	$88	$253	$ 121
Foreign	257	460	620
Total	$345	$713	$ 741

Domestic income before taxes is lower than foreign income before taxes due to significant domestic expenses related to the amortization of intangibles, stock-based compensation and restructuring expenses.

The provision for income taxes consists of the following (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Current:			
Federal	$180	$104	$ 124
State	14	12	14
Foreign	35	40	41
Total current	229	156	179
Deferred:			
Federal	(91)	8	(65)
State	(17)	(3)	(6)
Foreign	(5)	(8)	(5)
Total deferred	(113)	(3)	(76)
Provision for income taxes	$116	$153	$ 103

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014

Tax computed at federal statutory rate	$121	$250	$ 259
State income taxes, net of federal benefit	(3)	5	6
Foreign earnings in lower tax jurisdictions	(81)	(141)	(163)
Stock-based compensation	13	6	10
Research and development credits	(14)	(14)	(9)
Resolution of income tax examinations	20	46	—
Domestic production activities deduction	(10)	(5)	(6)
Tax charge from integration of intellectual property from the SolidFire acquisition	64	—	—
Other	6	6	6
Provision for income taxes	$116	$153	$ 103

We generated foreign earnings in lower tax jurisdictions primarily related to income from our European operations which are headquartered in the Netherlands. During fiscal 2016, we acquired SolidFire and recorded a tax charge of $64 million related to the integration of SolidFire intellectual property into our worldwide operations.

78

The components of our deferred tax assets and liabilities are as follows (in millions):

	April 29, 2016	April 24, 2015
Deferred tax assets:		
Reserves and accruals	$214	$94
Acquired intangibles	—	44
Net operating loss and credit carryforwards	72	80
Stock-based compensation	66	70
Deferred revenue	336	298
Other	39	27
Gross deferred tax assets	727	613
Valuation allowance	(59)	(58)
Deferred tax assets, net of valuation allowance	668	555
Deferred tax liabilities:		
Prepaids and accruals	3	4
Acquired intangibles	27	14
Property and equipment	14	26
Other	3	3
Total deferred tax liabilities	47	47
Deferred tax assets, net of valuation allowance and deferred tax liabilities	$621	$508

Net deferred tax assets consist of the following (in millions):

	April 29, 2016	April 24, 2015
Current deferred tax assets, net	$—	$252
Non-current deferred tax assets, net	$621	$256

In the third quarter of fiscal 2016, we adopted new accounting guidance on the balance sheet classification of deferred taxes that requires that all deferred taxes be presented as non-current. We applied this guidance prospectively and, accordingly, we did not reclassify amounts reported as of April 24, 2015.

The valuation allowance increased by $1 million and $8 million in fiscal 2016 and 2015, respectively. The increases are mainly attributable to corresponding changes in deferred tax assets, primarily foreign tax credit carryforwards in a foreign jurisdiction and state tax credit carryforwards in certain states.

As of April 29, 2016, the federal and state net operating loss carryforwards were approximately $15 million and $31 million, respectively, before applying tax rates for the respective jurisdictions. The federal, state and foreign tax credit carryforwards were approximately $40 million, $131 million and $22 million, respectively. Certain acquired net operating loss and credit carryforwards are subject to an annual limitation under Internal Revenue Code Section 382, but are expected to be realized with the exception of those which have a valuation allowance. The federal and state net operating loss carryforwards and credits will expire in various years from fiscal 2018 through 2036. If realized, $41 million, tax effected, of net operating loss and tax credit carryovers will be recognized as additional paid-in capital. The foreign tax credit carryforward does not expire.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
Balance at beginning of period	$272	$236	$ 190
Additions based on tax positions related to the current year	14	22	27
Additions for tax positions of prior years	21	101	24
Decreases for tax positions of prior years	(39)	(29)	(5)
Settlements	(52)	(58)	—
Balance at end of period	$216	$272	$ 236

As of April 29, 2016, we had $216 million of gross unrecognized tax benefits, of which $164 million has been recorded in other long-term liabilities. Unrecognized tax benefits of $147 million, including penalties, interest and indirect benefits, would affect our provision for income taxes if recognized.

We recognize accrued interest and penalties related to unrecognized tax benefits in the income tax provision. During fiscal 2016, 2015 and 2014, we recognized accrued interest and penalties of approximately $2 million, $4 million and $2 million, respectively in the consolidated statements of operations and $11 million and $9 million, respectively, were recorded in the consolidated balance sheets as of April 29, 2016 and April 24, 2015.

The tax years that remain subject to examination for our major tax jurisdictions are shown below:

Fiscal Years Subject to Examination for Major Tax Jurisdictions at April 29, 2016

2012 — 2016	United States — federal income tax
2008 — 2016	United States — state and local income tax
2012 — 2016	Australia
2013 — 2016	Germany
2007 — 2016	India
2010 — 2016	Japan
2012 — 2016	The Netherlands
2013 — 2016	United Kingdom
2008 — 2016	Canada

In addition, we are effectively subject to federal tax examination adjustments for tax years ended on or after fiscal 2001, in that we have carryforward attributes from these years that could be subject to adjustment in the tax years of utilization.

In June 2015, the Internal Revenue Service (IRS) signed a closing agreement with respect to transfer pricing arrangements and, in October 2015, completed the examination of our fiscal 2008 to 2010 income tax returns. During fiscal 2016, we recorded a tax charge of $23 million attributable to transfer pricing and other audit settlements and the related re-measurement of uncertain tax positions for tax years subject to future audits. During fiscal 2016, the German tax authority concluded the examination of our fiscal 2009 to 2012 returns. We recorded a $2 million tax benefit for the net impact of the audit adjustments and related release of unrecognized tax benefits.

In July 2014, the IRS completed the examination of our fiscal 2005 to 2007 income tax returns upon approval by the Joint Committee of Taxation. During fiscal 2015, we recorded a tax charge of $47 million attributable to the audit settlement and related re-measurements of uncertain tax positions for tax years subject to future audits.

We are currently undergoing federal income tax audits in the United States (U.S.) and several foreign tax jurisdictions. Transfer pricing calculations are key issues under audits in various jurisdictions, and are often subject to dispute and appeals. The IRS has concluded the examination of our tax returns for our fiscal years through 2010. The IRS plans to commence the audit of our fiscal 2012 and 2013 returns in fiscal 2017.

On September 17, 2010, the Danish Tax Authorities issued a decision concluding that distributions declared in 2005 and 2006 from our Danish subsidiary were subject to Danish at-source dividend withholding tax. We do not believe that our Danish subsidiary is liable for withholding tax and filed an appeal with the Danish Tax Tribunal to that effect. On December 19, 2011, the Danish Tax Tribunal issued a ruling that our Danish subsidiary was not liable for Danish withholding tax. The Danish tax examination agency appealed to the Danish High Court in March 2012. In February 2016, the Danish High Court referred the case to the European Court of Justice.

We continue to monitor the progress of ongoing discussions with tax authorities and the impact, if any, of the expected expiration of the statute of limitations in various taxing jurisdictions. We engage in continuous discussion and negotiation with taxing authorities regarding tax matters in multiple jurisdictions. We believe that within the next 12 months, it is reasonably possible that either certain audits will conclude, certain statutes of limitations will lapse, or both. Based on current information, we do not expect significant changes to our existing unrecognized tax benefits as of April 29, 2016.

As of April 29, 2016, the amount of accumulated unremitted earnings from our foreign subsidiaries is approximately $4 billion. We have not provided U.S. income taxes and foreign withholding taxes on the undistributed earnings of foreign subsidiaries because we intend to permanently reinvest such earnings outside the U.S. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability may be reduced by any foreign income taxes previously paid on these earnings as well as tax attribute carryforwards. We estimate the unrecognized deferred tax liability related to these earnings to be approximately $1 billion as of April 29, 2016.

On July 27, 2015, in Altera Corp. v. Commissioner, the U.S. Tax Court issued an opinion related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. A final decision was issued by the Tax Court in December 2015. In February 2016, the Commissioner appealed the Tax Court decision. At this time, the U.S. Department of the Treasury has not withdrawn the requirement to include stock-based compensation from its regulations. Due to the uncertainty surrounding the status of the current regulations, questions related to the scope of potential benefits, and the risk of the Tax Court’s decision being overturned upon appeal, we have not recorded any benefit as of April 29, 2016. We will continue to monitor ongoing developments and potential impacts to our financial statements.

15. Net Income per Share

The following is a calculation of basic and diluted net income per share (in millions, except per share amounts):

	Year Ended		
	April 29, 2016	April 24, 2015	April 25, 2014
Numerator:			
Net income	$229	$560	$ 638
Denominator:			
Shares used in basic computation	294	316	340
Dilutive impact of employee equity award plans	3	5	7
Dilutive impact of assumed conversion of convertible notes	—	—	1
Shares used in diluted computation	297	321	348
Net Income per Share:			
Basic	$0.78	$1.77	$ 1.87
Diluted	$0.77	$1.75	$ 1.83

We have excluded 12 million, 8 million and 6 million weighted-average shares of common stock potentially issuable under employee equity award plans in fiscal 2016, 2015 and 2014, respectively, from the diluted net income per share calculations as their effect would have been anti-dilutive.

16. Segment, Geographic, and Significant Customer Information

We operate in one industry segment: the design, manufacturing, marketing, and technical support of high-performance storage and data management solutions. We conduct business globally, and our sales and support activities are managed on a geographic basis. Our management reviews financial information presented on a consolidated basis, accompanied by disaggregated information it receives from our internal management system about revenues by geographic region, based on the location from which the customer relationship is managed, for purposes of allocating resources and evaluating financial performance. We do not allocate costs of revenues, research and development, sales and marketing, or general and administrative expenses to our geographic regions in this internal management reporting because management does not review operations or operating results, or make planning decisions, below the consolidated entity level.

Summarized revenues by geographic region based on information from our internal management system and utilized by our Chief Executive Officer, who is considered our Chief Operating Decision Maker, is as follows (in millions):

	Year Ended		
	April 29, 2016	April 24, 2015	April 25, 2014
United States, Canada and Latin America (Americas)	$3,067	$3,447	$ 3,513
Europe, Middle East and Africa (EMEA)	1,757	1,857	1,955
Asia Pacific (APAC)	722	819	857
Net revenues	$5,546	$6,123	$ 6,325

Americas revenues consist of sales to Americas commercial and U.S. public sector markets. Sales to customers inside the U.S. were $2,753 million, $3,096 million and $3,131 million during fiscal 2016, 2015 and 2014, respectively.

81

The majority of our assets, excluding cash, cash equivalents, short-term investments and accounts receivable, were attributable to our domestic operations. The following table presents cash, cash equivalents and short-term investments held in the U.S. and internationally in various foreign subsidiaries (in millions):

	April 29, 2016	April 24, 2015
U.S.	$513	$ 596
International	4,790	4,730
Total	$5,303	$ 5,326

With the exception of property and equipment, we do not identify or allocate our long-lived assets by geographic area. The following table presents property and equipment information for geographic areas based on the physical location of the assets (in millions):

	April 29, 2016	April 24, 2015
U.S.	$797	$ 927
International	140	103
Total	$937	$ 1,030

The following customers, each of which is a distributor, accounted for 10% or more of our net revenues:

	Year Ended		
	April 29, 2016	April 24, 2015	April 25, 2014
Arrow Electronics, Inc.	22%	23 %	22 %
Avnet, Inc.	19%	16 %	16 %

The following customers accounted for 10% or more of accounts receivable:

	April 29, 2016	April 24, 2015

Arrow Electronics, Inc.	12 %	14 %
Avnet, Inc.	15 %	16 %

17. Employee Benefits and Deferred Compensation

Employee 401(k) Plan

Our 401(k) Plan is a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, participating U.S. employees may defer a portion of their pre-tax earnings, up to the IRS annual contribution limit. We match 100% of the first 2% of eligible earnings an employee contributes to the 401(k) Plan, and then match 50% of the next 4% of eligible earnings an employee contributes. An employee receives the full 4% match when he/she contributes at least 6% of his/her eligible earnings, up to a maximum calendar year matching contribution of $6,000. Our employer matching contributions to the 401(k) Plan were as follows (in millions):

	Year Ended April 29, 2016	April 24, 2015	April 25, 2014
401(k) matching contributions	$35	$ 16	$ 20

82

Deferred Compensation Plan

We have a non-qualified deferred compensation plan that allows a group of employees within the U.S. to contribute base salary and commissions or incentive compensation on a tax deferred basis in excess of the IRS limits imposed on 401(k) plans. The marketable securities related to these investments are held in a Rabbi Trust. The related deferred compensation plan assets and liabilities under the non-qualified deferred compensation plan were as follows (in millions):

	April 29, 2016	April 24, 2015
Deferred compensation plan assets	$ 30	$ 32
Deferred compensation liabilities reported as:		
Accrued expenses	$ 5	$ 3
Other long-term liabilities	$ 25	$ 29

Postretirement Health Care Plan

Certain of our executive officers are eligible to participate in our Executive Retirement Medical Plan, which upon retirement provides medical coverage beyond the COBRA maximum benefit period to a defined group of senior executives based on minimum age, service and level of responsibility (that is, Executive Vice President or above) as a fully-insured plan. Coverage continues through the duration of the lifetime of the retiree or the retiree's spouse, whichever is longer. In fiscal 2016, the Compensation Committee closed this plan to the executives eligible for participation as of November 12, 2015. Participation in the plan will not be offered to executives who were not eligible for the plan on that date. There is no funding requirement associated with the plan and none of the benefit obligation was funded as of April 29, 2016. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan.

International Defined Benefit Plans

We maintain various defined benefit plans to provide termination and postretirement benefits to certain eligible employees outside of the U.S. We also provide disability benefits to certain eligible employees in the U.S. Eligibility is determined based on the terms of our plans and local statutory requirements. Assumed discount rates and expected long-term returns on plan assets have significant effects on the amounts reported for the defined benefit plans.

Funded Status

The funded status of our postretirement health care and international termination and postretirement benefits was as follows (in millions):

	April 29,	April 24,

	2016	2015
Fair value of plan assets	$24	$20
Benefit obligations	(76)	(60)
Unfunded obligations	$(52)	$(40)

Amounts recognized in the consolidated balance sheets were as follows (in millions):

	April 29, 2016	April 24, 2015
Other long-term liabilities	$52	$40
AOCI	$(16)	$(13)

18. Commitments and Contingencies

Operating Leases

We lease various equipment, vehicles and office space in the U.S. and internationally.

Future annual minimum lease payments under all non-cancelable operating leases with an initial term in excess of one year as of April 29, 2016 are as follows (in millions):

	2017	2018	2019	2020	2021	Thereafter	Total
Operating lease commitments	$60	$50	$39	$31	$23	$ 50	$253

Rent expense under all cancellable and non-cancelable operating leases was $69 million, $67 million and $66 million in fiscal 2016, 2015 and 2014, respectively.

Purchase Orders and Other Commitments

In the ordinary course of business, we make commitments to third-party contract manufacturers, to manage manufacturer lead times and meet product forecasts, and to other parties, to purchase various key components used in the manufacture of our products. A significant portion of our reported purchase commitments arising from these agreements consist of firm, non-cancelable, and unconditional commitments. As of April 29, 2016, we had $211 million in non-cancelable purchase commitments for inventory. We record a liability for firm, non-cancelable and unconditional purchase commitments with contract manufacturers for quantities in excess of our future demand forecasts. As of April 29, 2016 and April 24, 2015, such liability amounted to $7 million and $17 million, respectively, and is included in accrued expenses in our consolidated balance sheets. To the extent that such forecasts are not achieved, our commitments and associated accruals may change.

In addition to inventory commitments with contract manufacturers and component suppliers, we have open purchase orders and contractual obligations associated with our ordinary course of business for which we have not yet received goods or services. As of April 29, 2016, we had $37 million in construction related obligations and $152 million in other purchase obligations.

During the ordinary course of business, we provide standby letters of credit or other guarantee instruments to third parties as required for certain transactions initiated either by us or our subsidiaries. As of April 29, 2016, our financial guarantees of $14 million that were not recorded on our consolidated balance sheets consisted primarily of standby letters of credit and surety bonds.

Financing Guarantees

While most of our arrangements for sales include short-term payment terms, from time to time we provide long-term financing to creditworthy customers. We have generally sold receivables financed through these arrangements on a non-recourse basis to third party financing institutions within 10 days of the contracts' dates of execution, and we classify the proceeds from these sales as cash flows from operating activities in our consolidated statements of cash flows. We account for the sales of these receivables as "true sales" as defined in the accounting standards on transfers of financial assets, as we are considered to have surrendered control of these financing receivables. Provided all other revenue recognition criteria have been met, we recognize product revenues for these arrangements, net of any payment discounts from financing transactions, upon product acceptance. We sold $243 million, $197 million and $296 million of receivables during fiscal 2016, 2015 and 2014, respectively.

In addition, we enter into arrangements with leasing companies for the sale of our hardware systems products. These leasing companies, in turn, lease our products to end-users. The leasing companies generally have no recourse to us in the event of default by the end-user and we recognize revenue upon delivery to the end-user customer, if all other revenue recognition criteria have been met.

Some of the leasing arrangements described above have been financed on a recourse basis through third-party financing institutions. Under the terms of recourse leases, which are generally three years or less, we remain liable for the aggregate unpaid remaining lease payments to the third-party leasing companies in the event of end-user customer default. These arrangements are generally collateralized by a security interest in the underlying assets. Where we provide a guarantee for recourse leases, we defer revenues subject to the industry-specific software revenue recognition guidance, and recognize revenues for non-software deliverables in accordance with our multiple deliverable revenue arrangement policy. In connection with certain recourse financing arrangements, we receive advance payments associated with undelivered elements that are subject to customer refund rights. We defer revenue associated with these advance payments until the related refund rights expire and we perform the services. As of April 29, 2016 and April 24, 2015, the aggregate amount by which such contingencies exceeded the associated liabilities was not significant. To date, we have not experienced material losses under our lease financing programs or other financing arrangements.

We have entered into service contracts with certain of our end-user customers that are supported by third-party financing arrangements. If a service contract is terminated as a result of our non-performance under the contract or our failure to comply with the terms of the financing arrangement, we could, under certain circumstances, be required to acquire certain assets related to the service contract or to pay the aggregate unpaid financing payments under such arrangements. As of April 29, 2016, we have not been required to make any payments under these arrangements, and we believe the likelihood of having to acquire a material amount of assets or make payments under these arrangements is remote. The portion of the financial arrangement that represents unearned services revenue is included in deferred revenue and financed unearned services revenue in our consolidated balance sheets.

Indemnification Agreements

We enter into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, we agree to defend and indemnify other parties, primarily our customers or business partners or subcontractors, for damages and reasonable costs incurred in any suit or claim brought against them alleging that our products sold to them infringe any U.S. patent, copyright, trade secret, or similar right. If a product becomes the subject of an infringement claim, we may, at our option: (i) replace the product with another non-infringing product that provides substantially similar performance; (ii) modify the infringing product so that it no longer infringes but remains functionally equivalent; (iii) obtain the right for the customer to continue using the product at our expense and for the reseller to continue selling the product; (iv) take back the infringing product and refund to the customer the purchase price paid less depreciation amortized on a straight-line basis. We have not been required to make material payments pursuant to these provisions historically. We have not recorded any liability at April 29, 2016 related to these guarantees since the maximum amount of potential future payments under such guarantees, indemnities and warranties is not determinable, other than as described above.

Legal Contingencies

When a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency.

We are subject to various legal proceedings and claims that arise in the normal course of business. No accrual has been recorded as of April 29, 2016 related to such matters as they are not probable and/or reasonably estimable.

Selected Quarterly Financial Data (Unaudited)

Selected quarterly financial data is as follows (in millions, except per share amounts):

	Quarter Ended			
	July 31, 2015	October 30, 2015	January 29, 2016	April 29, 2016
Net revenues	$1,335	$1,445	$1,386	$1,380
Gross profit	$816	$884	$855	$818
Net income (loss)	$(30)	$114	$153	$(8)
Net income (loss) per share, basic	$(0.10)	$0.39	$0.52	$(0.03)
Net income (loss) per share, diluted	$(0.10)	$0.39	$0.52	$(0.03)

	Quarter Ended			
	July 25, 2014	October 24, 2014	January 23, 2015	April 24, 2015
Net revenues	$1,489	$1,543	$1,551	$1,540
Gross profit	$938	$983	$977	$935
Net income	$88	$160	$177	$135
Net income per share, basic	$0.27	$0.50	$0.57	$0.44
Net income per share, diluted	$0.27	$0.49	$0.56	$0.43

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

NetApp, Inc.

Sunnyvale, California

We have audited the accompanying consolidated balance sheets of NetApp, Inc. and subsidiaries (the “Company”) as of April 29, 2016 and April 24, 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholders’ equity for each of the three years in the period ended April 29, 2016. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of NetApp, Inc. and subsidiaries as of April 29, 2016 and April 24, 2015, and the results of their operations and their cash flows for each of the three years in the period ended April 29, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of April 29, 2016, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 22, 2016 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

San Jose, California

June 22, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

NetApp, Inc.

Sunnyvale, California

We have audited the internal control over financial reporting of NetApp, Inc. and subsidiaries (the “Company”) as of April 29, 2016, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 29, 2016, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended April 29, 2016 of the Company and our report dated June 22, 2016 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

San Jose, California

June 22, 2016

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

Item 9A. Controls and Procedures
(a) Evaluation of Disclosure Controls and Procedures

The phrase “disclosure controls and procedures” refers to controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the Exchange Act), such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission (SEC). Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO), as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and CFO, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of April 29, 2016, the end of the fiscal period covered by this Annual Report on Form 10-K (the Evaluation Date). Based on this evaluation, our CEO and CFO concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

(b) Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that, as of April 29, 2016, our internal control over financial reporting was effective at the reasonable assurance level based on those criteria.

The effectiveness of our internal control over financial reporting as of April 29, 2016 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included in Part II, Item 8 of this Annual Report on Form 10-K.

(c) Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with our evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act that occurred during the fourth quarter of fiscal 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance
The information required by Item 10 with respect to our executive officers is incorporated herein by reference from the information under Item 1 – Business of Part I of this Annual Report on Form 10-K under the section entitled "Executive Officers." The information required by Item 10 with respect to the Company's directors and corporate governance is incorporated herein by reference from the information provided under the headings "Election of Directors" and "Corporate Governance," respectively, in the Proxy Statement for the 2016 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of our year ended April 29, 2016. The information required by Item 405 of Regulation S-K is incorporated herein by reference from the information provided under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the 2016 Annual Meeting of Stockholders.

We have adopted a written code of ethics that applies to our Board of Directors and all of our employees, including our principal executive officer and principal financial and accounting officer. A copy of the code of ethics, which we refer to as our "Code of Conduct," is available on our website at http://investors.netapp.com/governance.cfm. We will post any amendments to or waivers from the provisions of our Code of Conduct on our website.

Item 11. Executive Compensation
Information regarding the compensation of executive officers and directors of the Company is incorporated by reference from the information under the headings "Executive Compensation and Related Information" and "Director Compensation," respectively, in our Proxy Statement for the 2016 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Information regarding security ownership of certain beneficial owners and management and related stockholder matters is incorporated by reference from the information under the heading "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement for the 2016 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence
Information regarding certain relationships and related transactions and director independence is incorporated by reference from the information under the headings "Corporate Governance" and "Certain Transactions with Related Parties" in our Proxy Statement for the 2016 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services
The information required by this item is incorporated by reference from the information under the caption "Audit Fees" in our Proxy Statement for the 2016 Annual Meeting of Stockholders.

With the exception of the information incorporated in Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K, NetApp's Proxy Statement is not deemed "filed" as part of this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits, Financial Statement Schedules
(a) Documents filed as part of this report

(1) All Financial Statements
See index to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K

(2) Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Form 10-K.

(3) Exhibits required by Item 601 of Regulation S-K

The information required by this Section (a)(3) of Item 15 is set forth on the exhibit index that follows the Signatures page of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NETAPP, INC.

By: /s/ GEORGE KURIAN
George Kurian
Chief Executive Officer and President

(Principal Executive Officer and Principal Operating Officer)

Date: June 22, 2016

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints George Kurian and Ronald J. Pasek, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ GEORGE KURIAN George Kurian	Chief Executive Officer and President (Principal Executive Officer and Principal Operating Officer)	June 22, 2016
/s/ RONALD J. PASEK Ronald J. Pasek	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 22, 2016
/s/ T. MICHAEL NEVENS T. Michael Nevens	Chairman of the Board	June 22, 2016
/s/ JEFFRY R. ALLEN Jeffry R. Allen	Director	June 22, 2016

/s/ ALAN L. EARHART Alan L. Earhart	Director	June 22, 2016
/s/ GERALD HELD Gerald Held	Director	June 22, 2016
/s/ KATHRYN M. HILL Kathryn M. Hill	Director	June 22, 2016
/s/ GEORGE T. SHAHEEN George T. Shaheen	Director	June 22, 2016
/s/ STEPHEN M. SMITH Stephen M. Smith	Director	June 22, 2016
/s/ ROBERT T. WALL Robert T. Wall	Director	June 22, 2016
/s/ RICHARD P. WALLACE Richard P. Wallace	Director	June 22, 2016

91

EXHIBIT INDEX

Exhibit No	Description	Incorporation by Reference Form	File No.	Exhibit	Filing Date
3.1	Certificate of Incorporation of the Company, as amended.	10-Q	000-27130	3.1	November 26, 2013
3.2	Bylaws of the Company, as amended.	8-K	000-27130	3.1	February 13, 2014
4.1	Indenture dated December 12, 2012, by and between the Company and U.S. Bank National Association.	8-K	000-27130	4.1	December 12, 2012
4.2	First Supplemental Indenture dated December 12, 2012, by and between the Company and U.S. Bank National Association.	8-K	000-27130	4.2	December 12, 2012
4.3	Underwriting Agreement dated June 2, 2014 by and between the Company and Goldman, Sachs & Co. and J.P. Morgan Securities LLC as Managers of the Underwriters.	8-K	000-27130	1.1	June 5, 2014
4.4	Second Supplemental Indenture dated June 5, 2014 by and between the Company and U.S. Bank National Association.	8-K	000-27130	4.1	June 5, 2014
10.1*	Form of Indemnification Agreement by and between the Company and each of its directors and executive officers.	10-Q	000-27130	10.1	August 28, 2014
10.2*	The Company's Amended and Restated Change of Control Severance Agreement (CEO).	10-Q	000-27130	10.4	December 2, 2009
10.3*	Form of Amendment to Change of Control Severance Agreement.	10-Q	000-27130	10.1	August 30, 2012
10.4*	Form of Change Control Severance Agreement (Non-CEO Executives).	10-Q	000-27130	10.2	August 30, 2012
10.5*	Form of Amendment No. 1 to Change of Control Severance Agreement.	10-K	000-27130	10.64	June 19, 2012
10.6*	Amendment to Change in Control Agreement dated as of June 23, 2015 by and between the Company and George Kurian.	10-Q	000-27130	10.3	September 8, 2015
10.7*	The Company's Amended and Restated Executive Compensation Plan, as amended effective July 23, 2014.	DEF 14A	000-27130	Appendix C	July 25, 2014

10.8*	The Company's Deferred Compensation Plan.	8-K	000-27130	2.1	July 7, 2005
10.9*	The Company's Amended and Restated Employee Stock Purchase Plan, as amended effective July 27, 2015.	DEF 14A	000-27130	Appendix B	July 27, 2015

92

Exhibit No	Description	Incorporation by Reference Form	File No.	Exhibit	Filing Date
10.10*	The Company's Amended and Restated 1995 Stock Incentive Plan.	DEF 14A	000-27130		August 21, 1998
10.11*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1995 Stock Option Plan.	10-K	000-27130	10.21	July 8, 2005
10.12*	Form of Stock Issuance Agreement approved for use under the Company's amended and restated 1995 Stock Option Plan (Restricted Stock).	10-K	000-27130	10.23	July 8, 2005
10.13*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1995 Stock Option Plan (Chairman of the Board or any Board Committee Chairperson).	10-K	000-27130	10.22	July 8, 2005
10.14*	The Company's Amended and Restated 1999 Stock Option Plan, as amended effective July 27, 2015.	DEF 14A	000-27130	Appendix A	July 27, 2015
10.15*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan.	10-Q	000-27130	10.3	November 26, 2013
10.16*	Form of Restricted Stock Unit Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (Employees).	10-Q	000-27130	10.4	November 26, 2013
10.17*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (Non-Employee Director Automatic Stock Option — Initial).	10-K	000-27130	10.29	July 8, 2005
10.18*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (Non-Employee Director Automatic Stock Option — Annual).	10-K	000-27130	10.28	July 8, 2005
10.19*	Form of Restricted Stock Unit Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (Non-Employees Directors).	10-K	000-27130	10.17	June 18, 2010
10.20*	Form of Restricted Stock Unit Agreement (Performance Based) under the NetApp, Inc. 1999 Stock Option Plan.	8-K	000-27130	10.1	June 26, 2015
10.21*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (China).	10-K	000-27130	10.27	July 8, 2005
10.22*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (France).	10-K	000-27130	10.30	July 8, 2005

Exhibit No	Description	Incorporation by Reference Form	File No.	Exhibit	Filing Date
10.23*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (India).	10-K	000-27130	10.31	July 8, 2005
10.24*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (United Kingdom).	10-K	000-27130	10.32	July 8, 2005
10.25*	Form of Stock Option Agreement approved for use under the Company's amended and restated 1999 Stock Option Plan (Israel).	10-K	000-27130	10.81	June 24, 2008
10.26*	Form of Stock Option Grant Notice and Option Agreement for use under the Decru, Inc. Amended and Restated 2001 Equity Incentive Plan and the 2001 Equity Incentive Plan filed under Attachment II.	S-8	333-128098	99.1	September 2, 2005
10.27*	Form of Stock Option Grant Notice and Option Agreement for use under the Decru, Inc. 2001 Equity Incentive Plan and the 2001 Equity Incentive Plan filed under Attachment II.	S-8	333-128098	99.2	September 2, 2005
10.28*	Form of Restricted Stock Bonus Grant Notice and Agreement under the Decru, Inc. 2001 Equity Incentive Plan.	S-8	333-128098	99.4	September 2, 2005
10.29*	Onaro, Inc. Amended and Restated 2002 Stock Option and Incentive Plan (including Appendix — Israeli Taxpayers).	S-8	333-149375	4.1	February 25, 2008
10.30*	Bycast Inc. 2010 Equity Incentive Plan.	S-8	333-167619	99.1	June 18, 2010
10.31*	Incentive Stock Option Plan of Bycast Inc.	S-8	333-167619	99.2	June 18, 2010
10.32*	ionGrid, Inc. 2013 Equity Incentive Plan.	S-8	333-186967	99.1	February 28, 2013
10.33*	Form of Restricted Stock Unit Agreement under the ionGrid, Inc. 2013 Equity Incentive Plan.	S-8	333-186967	99.2	February 28, 2013
10.32*	Outside Director Compensation Policy.	10-K	000-27130	10.65	June 19, 2012
10.33*	Separation and Release Agreement dated June 1, 2015 by and between the Company and Thomas Georgens.	10-Q	000-27130	10.2	September 8, 2015
10.34*	Retirement and Transition Services Agreement dated April 7, 2016 by and between the Company and Robert Salmon.	—	—	—	—

		Incorporation by Reference			
Exhibit No	Description	Form	File No.	Exhibit	Filing Date
10.35*	Offer Letter for employment at the Company to Ronald Pasek, dated March 22, 2016.	—	—	—	—
10.36	Credit Agreement, dated December 21, 2012, by and among the Company, the lenders party thereto, JP Morgan Chase Bank, N.A., as administrative agent, Morgan Stanley Senior Funding, Inc. and Wells Fargo Bank, National Association, as Co-Syndication Agents, and J.P. Morgan Securities LLC, Morgan Stanley Funding, Inc. and Wells Fargo Securities LLC, as Joint Bookrunners and Joint Lead Arrangers.	8-K	000-27130	10.1	December 28, 2012
10.37	Amendment No. 1, dated February 2, 2016, by and among the Company, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent.	8-K	00027130	10.2	February 2, 2016
10.38	Loan Agreement, dated February 2, 2016, by and among the Company, Sonoma Holdings C.V., as assuming borrower, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent.	8-K	000-27130	10.1	February 2, 2016
10.39	Collared Accelerated Share Repurchase Transaction dated as of June 5, 2013, by and between the Company and Goldman, Sachs & Co.	10-Q	000-27130	10.1	November 26, 2013
10.40	Agreement and Plan of Merger, dated as of December 18, 2015, among the Company, Sonoma Merger Corp., SolidFire, Inc. and Shareholder Representative Services LLC.	8-K	000-27130	2.1	December 21, 2015
10.41	Agreement of Purchase and Sale and Joint Escrow Instructions dated as of March 9, 2016 by and between the Company and Google Inc.	—	—	—	—
10.42	First Amendment to Agreement of Purchase and Sale and Join Escrow Instructions dated as of March 11, 2016, by and between the Company and Google Inc.	—	—	—	—
10.43	Second Amendment to Agreement of Purchase and Sale and Join Escrow Instructions dated as of April 8, 2016, by and between the Company and Google Inc.	—	—	—	—
21.1	Subsidiaries of the Company.	—	—	—	—

Exhibit No	Description	Incorporation by Reference Form	File No.	Exhibit	Filing Date
23.1	Consent of Independent Registered Public Accounting Firm.	—	—	—	—
24.1	Power of Attorney (see signature page).	—	—	—	—
31.1	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.	—	—	—	—
31.2	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.	—	—	—	—
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	—
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	—
101.INS	XBRL Instance Document	—	—	—	—
101.SCH	XBRL Taxonomy Extension Schema Document	—	—	—	—
101.CAL	XBRL Taxonomy Calculation Linkbase Document	—	—	—	—
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—
101.LAB	XBRL Taxonomy Label Linkbase Document	—	—	—	—
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—

* Identifies management plan or compensatory plan or arrangement.
¶ The schedules and other attachments to this exhibit have been omitted. The Company agrees to furnish a copy of any omitted schedules or attachments to the SEC upon request.

96