

The Merriam Report **NTAP** 1/28/11 **NETAPP, INC.**

All amounts in millions except for earnings per share

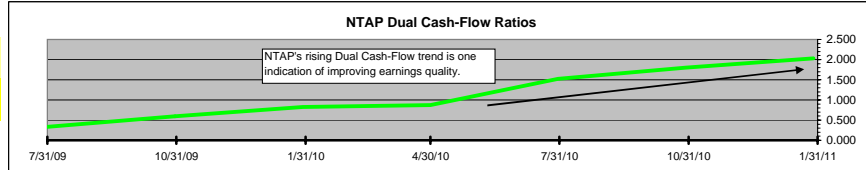
Quarterly period ending:	1 7/31/09	2 10/30/09	3 1/29/10	4 4/30/10	1 7/30/10	2 10/29/10	3 1/28/11	Averages	
Earnings Per Share (Incl. Ext. Items)	\$ 0.150	\$ 0.270	\$ 0.300	\$ 0.400	\$ 0.38000	\$ 0.420	\$ 0.420	\$ 0.334	
% Change in E.P.S. (from prev. qtr.)		80.0%	11.1%	33.3%	-5.0%	10.5%	0.0%	21.7%	
Total Revenues	83790.0	91000.0	101170.0	117180.0	113780.0	120740.0	126810.0	107781.4	
% Change in Revenues (from prev. qtr.)		8.6%	11.2%	15.8%	-2.9%	6.1%	5.0%	7.3%	
Cost of Revenues	31540.0	303300.0	370200.0	423300.0	413400.0	406300.0	444300.0	341762.9	
Accounts Receivable:	33166.1	31803.3	45753.6	47150.0	37250.0	44660.0	54150.0	41990.4	
% Change in Receivables (from prev. qtr.)		-4.1%	43.9%	3.1%	-21.0%	19.9%	21.2%	10.5%	-1.54%
DSO's (# of days it took customers to pay)	36.0	31.8	41.2	36.6	29.8	33.7	38.9	35.4	-1.39%
Inventories:	6165.5	6114.1	7204.8	11290.0	9040.0	8470.0	9720.0	8286.3	
% Change in Inventory (from prev. qtr.)		-0.8%	17.8%	56.7%	-19.9%	-6.3%	14.8%	10.4%	-0.63%
Inventory as a % of Sales	7.4%	6.7%	7.1%	9.6%	7.9%	7.0%	7.7%	7.64%	
Prepaid Expenses:	11,266.00	11,552.50	14,395.00	0.00	0.00	0.00	0.00	5316.2	
Other Current Assets:	0.0	0.0	0.0	22870.0	21040.0	21830.0	20440.0	12311.4	
Property, Plant & Equip. (net):	79626.6	78037.8	79796.1	80440.0	82540.0	84530.0	86220.0	81598.6	
% Change in P,P& E (from prev. qtr.)		-2.0%	2.3%	0.8%	2.6%	2.4%	2.0%	1.3%	
Accounts Payable:	12218.7	11880.7	13914.5	18460.0	14990.0	17590.0	18360.0	15344.8	
% Change in Payables (from prev. qtr.)		-2.8%	17.1%	32.7%	-18.8%	17.3%	4.4%	8.3%	0.0056
Quarterly period ending:	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11		
Total Liabilities:	336575.9	346101.3	364165.4	396390.0	379590.0	403040.0	425000.0	378694.7	
Shareholder equity:	194913.3	210349.4	232698.0	253050.0	284990.0	320740.0	351340.0	264011.5	
Retained Earnings (Accum. Deficit)	165215.5	174783.1	185571.1	200090.0	214270.0	230730.0	247980.0	202662.8	
Operating Cash Flow (OCF)	292021.6	317025.5	350161.8	385030.8	425550.8	477760.7	525640.4	396166.0	
OCF as % of Revenues	348.5%	348.4%	346.1%	328.6%	374.0%	395.7%	414.5%	365.11%	0.0193
Balance Sheet Cash Flow (BSCF)	336570.2	346095.8	364158.0	396381.2	379582.7	403031.6	424990.7	378687.2	
BSCF as % of Revenues	401.7%	380.3%	359.9%	338.3%	333.6%	333.8%	335.1%	354.68%	0.0551
Spread between OCF & BSCF	-44548.6	-29070.3	-13996.2	-11350.3	45968.2	74729.1	100649.7	17478.8	-6 0.0079
Ratios									
Spread to Revenues	-53.17%	-31.95%	-13.83%	-9.69%	40.40%	61.89%	79.35%	0.104	
Spread to OCF	0.868	0.916	0.962	0.971	1.121	1.185	1.237	1.037	
MR Dual Cash-Flow Figure	0.336	0.597	0.823	0.875	1.121	1.804	2.030	1.141	

The Merriam Report

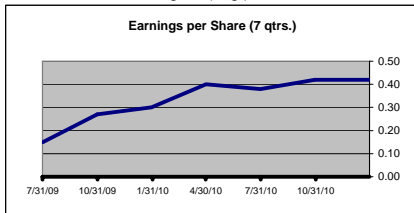
Quarterly period ending:	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11
MR Dual Cash-Flow Figure	0.336	0.597	0.823	0.875	1.525	1.804	2.030

Merriam Report Signals:

Recent Bullish
Confirmed Bullish



MR Dual Cash-Flow Figure (avg.) 1.141



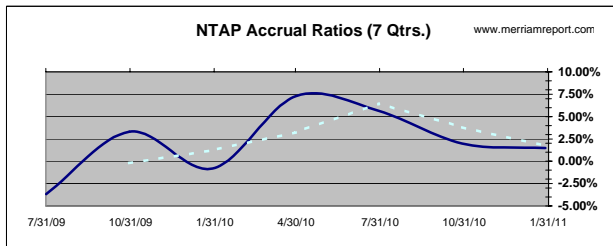
P/E	07/31/09	10/30/09	01/29/10	04/30/10	07/30/10	10/29/10	01/28/11	
	89.84	67.63	30.03	29.38	29.58	33.28	30.87	44.373
P/S	2.25	2.8	2.88	3.11	3.74	4.61	4.59	3.4257
P/FCF	17.319	18.774	22.6148	14.5883	16.4412	20.0577	18.4134	18.315
PEG	-1.2406	-1.3703	0.1104	0.0594	0.0634	0.1169	0.4102	-0.2644
Earnings Yield	0.0111	0.0148	0.0333	0.034	0.0338	0.03	0.0324	0.0271
Cash-to-Total-Asse	0.501	0.5311	0.5417	0.5734	0.59	0.6054	0.6126	0.565
Debt-to-Assets	0.2007	0.2188	0.206	0.1696	0.1675	0.1555	0.1465	0.1807

Accrual Ratios	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11
Average Accruals	-3.67%	3.29%	-0.82%	7.30%	5.62%	1.99%	1.48%

Revenue Metrics (as % of Sales)

Research & Development	Recent Qtr. 13.09%	Combined Avg. 13.36%
Cost of Sales	35.04%	35.47%
S/G/A	36.22%	37.76%
Payables	14.48%	14.24%
Capital Productivity		
Inventory / Revenues	Recent Qtr. \$ 0.077	Combined Avg. \$ 0.077
Receivables / Revenues	\$ 0.4270	\$ 0.3896
Inventory & Receivables / Revenues	\$ 0.504	\$ 0.466
P,P&E / Revenues	\$ 0.680	\$ 0.757

0.43% 1.54%



Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

Recent Bullish

Confirmed Bullish

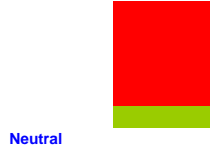
Operating Cash-Flow Trend
Balance Sheet Cash-Flow Trend



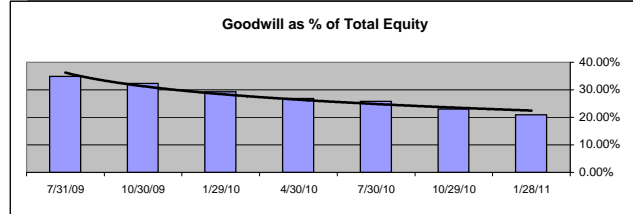
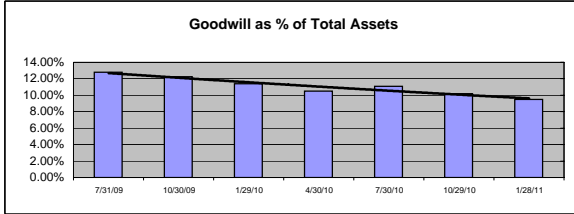
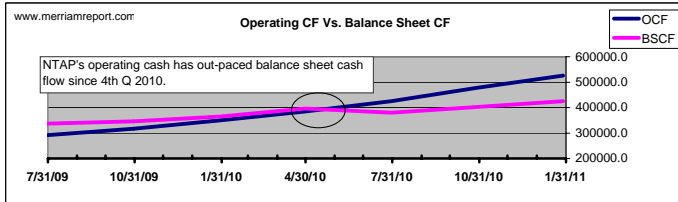
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BSCF	336570.2	346095.8	364158.0	396381.2	379582.7	403031.6	424990.7

Comparison of Recent Quarter Changes to Average
EPS

Revenues
Accounts Receivable
Days Sales Outstanding
Inventory
Accounts Payable
Accrual Ratios



Neutral



	7/31/09	10/30/09	1/29/10	4/30/10	7/30/10	10/29/10	1/28/11	AVG.	
Goodwill as % of Total Assets	12.81%	12.24%	11.41%	10.49%	11.09%	10.18%	9.49%	11.10%	1
Goodwill as % of Total Equity	34.94%	32.37%	29.26%	26.91%	25.86%	22.98%	20.98%	27.61%	1
	2.73	2.65	2.56	2.57	2.33	2.26	2.21	2.49	1
									3

Dual Cash Flow Trend	2
Financial Ratios (conventional)	5
Balance Sheet and Income Statement	-6
Accrual Ratios	-0.25
Revenue Metrics and Capital Productivity	0
Goodwill Trends	3
Merriam Report Score	3.75

NETAPP, INC.	1/28/11	3/15/11
Ending Period Share Price	54.03	46.52
Estimated Fair Value	\$ 54.25	
End Price to Est. FV	-10.63%	-14.25%

SHORT CANDIDATE

AVOID

HOLD

BUY

STRONG BUY

Valuation

UNDERVALUED

Computer Storage Devices

Technology

Computer Storage Devices

Earnings Quality

A+

A-

B+

B-

C+

C-

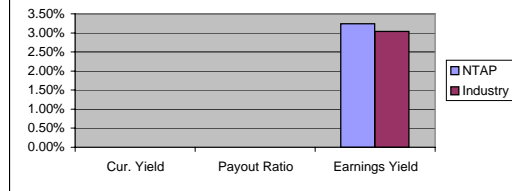
NTAP Industry

Cur. Yield 0.00% 0.00%

Payout Ratio 0.00% 0.00%

Earnings Yield 3.24% 3.04%

Dividend Comparison



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Next Earnings Release: 5/25/11