UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 27, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 000-27130

NetApp, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0307520**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

495 East Java Drive,

Sunnyvale, California 94089

(Address of principal executive offices, including zip code)

(408) 822-6000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Outstanding at February 21, 2012**
Common Stock	362,990,179

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PART I FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

NETAPP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	January 27, 2012	April 29, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,420.9	$ 2,757.3
Short-term investments	2,445.2	2,417.4
Accounts receivable, net of allowance of $0.4 million and $0.5 million at January 27, 2012 and April 29, 2011, respectively	685.4	742.6
Inventories	153.8	108.5
Other current assets	462.4	339.4
Total current assets	6,167.7	6,365.2
Property and equipment, net	1,081.8	911.6
Goodwill	905.2	760.3
Other intangible assets, net	257.5	53.0
Other non-current assets	409.4	408.7
Total assets	$ 8,821.6	$ 8,498.8
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 220.2	$ 232.8
Accrued compensation and related benefits	269.2	437.2
Other current liabilities	358.8	325.8
1.75% Convertible Senior Notes Due 2013	0.0	1,150.4
Short-term deferred revenue	1,309.3	1,226.6
Total current liabilities	2,157.5	3,372.8
1.75% Convertible Senior Notes Due 2013	1,188.8	0.0
Other long-term liabilities	197.3	192.9
Long-term deferred revenue	1,236.5	1,088.3
Total liabilities	4,780.1	4,654.0
Commitments and contingencies (Note 15)		
1.75% Convertible Senior Notes Due 2013	0.0	114.6
Stockholders equity:		
Common stock (466.3 and 473.3 shares issued at January 27, 2012 and April 29, 2011, respectively)	0.5	0.5
Additional paid-in capital	4,339.2	3,970.3
Treasury stock, at cost (104.3 shares at January 27, 2012 and April 29, 2011)	(2,927.4)	(2,927.4)

Retained earnings	2,624.6	2,674.0
Accumulated other comprehensive income	4.6	12.8
Total stockholders equity	4,041.5	3,730.2
Total liabilities and stockholders equity	$ 8,821.6	$ 8,498.8

See accompanying notes to condensed consolidated financial statements.

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NETAPP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Revenues:				
Product	$ 1,062.7	$ 844.3	$ 3,044.6	$ 2,406.6
Software entitlements and maintenance	203.5	182.7	599.7	533.6
Service	299.3	262.6	886.4	754.1
Net revenues	1,565.5	1,289.6	4,530.7	3,694.3
Cost of revenues:				
Cost of product	517.8	328.4	1,415.9	962.9
Cost of software entitlements and maintenance	6.2	4.0	17.1	10.9
Cost of service	133.0	111.0	379.3	320.0
Total cost of revenues	657.0	443.4	1,812.3	1,293.8
Gross profit	908.5	846.2	2,718.4	2,400.5
Operating expenses:				
Sales and marketing	477.0	397.4	1,385.9	1,134.4
Research and development	208.3	166.0	606.6	472.1
General and administrative	63.2	61.9	193.4	182.3
Restructuring and other charges	0.0	(0.7)	0.0	(0.6)
Acquisition-related expense	3.5	0.6	7.4	0.9
Total operating expenses	752.0	625.2	2,193.3	1,789.1
Income from operations	156.5	221.0	525.1	611.4
Other expense, net:				
Interest income	8.7	10.3	27.6	29.6
Interest expense	(18.9)	(19.0)	(54.7)	(56.2)
Other income (expense), net	0.6	0.4	(0.1)	1.2
Total other expense, net	(9.6)	(8.3)	(27.2)	(25.4)
Income before income taxes	146.9	212.7	497.9	586.0
Provision for income taxes	27.3	26.3	73.2	73.5
Net income	$ 119.6	$ 186.4	$ 424.7	$ 512.5
Net income per share:				
Basic	$ 0.33	$ 0.51	$ 1.17	$ 1.43

Diluted	$ 0.32	$ 0.46	$ 1.10	$ 1.31
Shares used in net income per share calculations:				
Basic	360.3	364.8	364.0	358.8
Diluted	373.7	406.2	385.1	390.7

See accompanying notes to condensed consolidated financial statements.

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NETAPP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Nine Months Ended	
	January 27, 2012	**January 28, 2011**
Cash flows from operating activities:		
Net income	$ 424.7	$ 512.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	210.5	123.3
Stock-based compensation	197.8	127.0
Accretion of discount and issuance costs on notes	38.7	39.2
Deferred income taxes	(64.0)	(40.4)
Tax benefit from stock-based compensation	74.7	74.9
Excess tax benefit from stock-based compensation	(80.7)	(63.3)
Other non-cash items, net	(7.9)	14.2
Changes in assets and liabilities, net of acquisitions of businesses:		
Accounts receivable	55.8	(77.5)
Inventories	(8.8)	18.8
Other operating assets	(49.2)	31.7
Accounts payable	(10.4)	(2.3)
Accrued compensation and other current liabilities	(160.5)	(40.6)
Deferred revenue	234.5	151.5
Other operating liabilities	24.8	18.5
Net cash provided by operating activities	880.0	887.5
Cash flows from investing activities:		
Purchases of investments	(1,718.9)	(2,190.4)
Redemptions of investments	1,697.7	1,354.9
Purchases of property and equipment	(282.9)	(149.8)
Acquisitions of businesses, net of cash acquired	(480.0)	(74.9)
Other investing activities, net	0.0	0.8
Net cash used in investing activities	(784.1)	(1,059.4)
Cash flows from financing activities:		
Issuance of common stock	101.0	312.0
Repurchase and retirement of common stock	(600.0)	0.0
Excess tax benefit from stock-based compensation	80.7	63.3
Other financing activities, net	3.1	0.4
Net cash provided by (used in) financing activities	(415.2)	375.7
Effect of exchange rate changes on cash and cash equivalents	(17.1)	10.6
Net increase (decrease) in cash and cash equivalents	(336.4)	214.4
Cash and cash equivalents:		
Beginning of period	2,757.3	1,705.0

End of period	$ 2,420.9	$ 1,919.4

See accompanying notes to condensed consolidated financial statements.

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NETAPP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. The Company

Headquartered in Sunnyvale, California, NetApp, Inc. (we , us , or the Company) is a supplier of enterprise storage and data management software and hardware products and services. Our solutions help global enterprises meet major information technology challenges such as managing storage growth, assuring secure and timely information access, protecting data and controlling costs by providing innovative solutions that simplify the complexity associated with managing corporate data.

2. Condensed Consolidated Financial Statements

Fiscal Year Our fiscal year is reported on a 52- or 53-week year ending on the last Friday in April. The first, second and third quarters of fiscal 2012 and 2011 were each 13-week periods.

Basis of Presentation The accompanying unaudited condensed consolidated financial statements have been prepared by the Company, and reflect all adjustments, consisting only of normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of our financial position, results of operations, and cash flows for the interim periods presented. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, these statements do not include all information and footnotes required by GAAP for annual consolidated financial statements, and should be read in conjunction with our audited consolidated financial statements as of and for the fiscal year ended April 29, 2011 contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 23, 2011. The results of operations for the three and nine months ended January 27, 2012 are not necessarily indicative of the operating results to be expected for the full fiscal year or future operating periods.

Financial Statements Presentation Certain prior period amounts have been reclassified in the accompanying condensed consolidated financial statements to conform to current year presentation.

3. Significant Accounting Policies

There have been no significant changes in our significant accounting policies as of and for the nine months ended January 27, 2012, as compared to the significant accounting policies described in our Annual Report on Form 10-K for the fiscal year ended April 29, 2011.

Accounting Standards Recently Adopted

Revenue Recognition

In October 2009, the Financial Accounting Standards Board (FASB) amended the accounting standards for revenue recognition to exclude tangible products containing software components and non-software components that function together to deliver the tangible product s essential functionality from the scope of the software revenue recognition guidance. Concurrently, the FASB also amended the accounting standards for multiple deliverable revenue arrangements to:

- provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and how the arrangement consideration should be allocated among its elements;

- require an entity to allocate revenue in an arrangement that has separate units of accounting using best estimated selling prices (BESP) of deliverables if a vendor does not have vendor-specific objective evidence (VSOE) of fair value or third-party evidence of selling price (TPE); and eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method to the separate units of accounting.

We elected to early adopt these standards in the fourth quarter of fiscal 2011, and the standards were applied retrospectively from the beginning of fiscal 2011 for new and materially modified revenue arrangements originating after April 30, 2010. Previously reported quarterly results have been adjusted to reflect the adoption of these standards and differ from the originally reported results.

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The majority of our products are hardware systems containing software components that function together to provide the essential functionality of the product. Therefore, our hardware systems and software components essential to the functionality of the hardware systems are considered non-software deliverables and therefore are not subject to industry-specific software revenue recognition guidance.

Our product revenues also include revenues from the sale of non-essential software products. Non-essential software products may operate on our hardware systems, but are not considered essential to the functionality of the hardware. Non-essential software sales generally include a perpetual license to our software. Non-essential software sales continue to be subject to the industry-specific software revenue recognition guidance. For arrangements within the scope of the new guidance, a deliverable constitutes a separate unit of accounting when it has standalone value and there are no customer-negotiated refunds or return rights for the delivered elements.

For transactions entered into or materially modified after April 30, 2010, we recognize revenue in accordance with the new accounting standards when applicable. Certain arrangements with multiple deliverables may continue to have software deliverables that are subject to the existing software revenue recognition guidance along with non-software deliverables that are subject to the new standards. The revenue for these multiple element arrangements is allocated to the software deliverables and the non-software deliverables as a group based on the relative selling prices of all of the deliverables in the arrangement using the selling price hierarchy set forth in the standards.

For our non-software deliverables, we recognize revenue based on the new standards and allocate the arrangement consideration based on the relative selling price of the deliverables. For our non-software deliverables, we use BESP as our selling price. For our software entitlements and support services, we generally use VSOE as our selling price. When we are unable to establish selling prices using VSOE for our software entitlements and support services, we use BESP in our allocation of arrangement consideration.

VSOE of fair value for elements of an arrangement is based upon the normal pricing and discounting practices for those services when sold separately. In determining VSOE, we require that a substantial majority of the selling prices for an element fall within a reasonably narrow pricing range, generally evidenced by a substantial majority of such historical stand-alone transactions falling within a reasonably narrow range. In addition, we consider major service type, customer classifications, and other variables in determining VSOE.

When VSOE cannot be established, we attempt to establish the selling price of each element based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Generally, our go-to-market strategy differs from that of our peers and our offerings contain a significant level of differentiation such that the comparable pricing of products with similar functionality cannot be obtained. Furthermore, we are unable to reliably determine what similar competitor products selling prices are on a stand-alone basis. Therefore, we typically are not able to determine TPE for our products or services.

When we are unable to establish the selling price of our non-software deliverables using VSOE or TPE, we use our BESP in our allocation of arrangement consideration. The objective of BESP is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. BESP is determined for a product or service by considering multiple factors, including, but not limited to, cost of products, gross margin objectives, historical pricing practices, customer classes and distribution channels. In determining BESP, we require that the majority of the selling prices fall within a reasonable pricing range, generally evidenced by a majority of such historical transactions falling within a reasonable range.

We regularly review VSOE, TPE, and BESP and maintain internal controls over the establishment and updates of these estimates.

For sales of software deliverables after April 30, 2010 and for all transactions entered into prior to the first quarter of fiscal year 2011, we recognize revenue based on software revenue recognition guidance. Under the software revenue recognition guidance, we use the residual method to recognize revenue when a multiple element arrangement includes one or more elements to be delivered at a future date and VSOE of fair value of all undelivered elements exists. In the majority of our contracts, the only element that remains undelivered at the time of delivery of the product is software entitlements and maintenance (SEM) and/or service. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the contract fee is recognized as product revenues. If evidence of the fair value of one or more undelivered elements does not exist, all revenue is generally deferred until the earlier of when delivery of those elements occurs or when fair value can be established. In instances where the only undelivered element without fair value is SEM, the entire arrangement is recognized ratably over the maintenance period.

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Recent Accounting Standards Not Yet Effective

In May 2011, the FASB issued new guidance for fair value measurements to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between GAAP and International Financial Reporting Standards. The guidance changes certain fair value measurement principles and enhances the disclosure requirements, particularly for level 3 fair value measurements. The guidance is effective for us prospectively beginning in our fourth quarter of fiscal 2012. There will be no impact to our results of operations, financial position and cash flows as the guidance relates only to financial statement presentation.

In June 2011, as modified in December 2011, the FASB issued new guidance on the presentation of comprehensive income. Specifically, the new guidance requires an entity to present components of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of stockholders equity. The specific requirement to present items that are reclassified from accumulated other comprehensive income to net income separately within their respective components of net income and other comprehensive income has been deferred. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. This new guidance is effective for us beginning in our first quarter of fiscal 2013 and is required to be applied retrospectively. There will be no impact to our results of operations, financial position and cash flows as the guidance relates only to financial statement presentation.

In September 2011, the FASB issued a revised accounting standard intended to simplify how an entity tests goodwill for impairment. The revised standard will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit unless it determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This guidance is effective for us beginning in our first quarter of fiscal 2013. We do not expect this guidance to have a material impact on our consolidated financial statements.

In December 2011, the FASB issued new guidance that will require us to disclose information about offsetting arrangements associated with financial and derivative instruments to enable users of our financial statements to understand the effect of those arrangements on our financial position. This guidance is effective for us beginning in our first quarter of fiscal 2014 and is required to be applied retrospectively. We are currently evaluating the impact of adoption on our consolidated financial statements.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates include, but are not limited to, revenue recognition, reserve and allowances; inventory valuation and purchase order accruals; valuation of goodwill and intangibles; restructuring reserves; product warranties; employee benefits; stock-based compensation; loss contingencies; investment impairments; income taxes, and fair value measurements. Actual results could differ materially from those estimates.

4. Statements of Cash Flows

Non-cash investing and financing activities and supplemental cash flow information are as follows (in millions):

	Nine Months Ended	
	January 27, 2012	January 28, 2011
Non-cash Investing and Financing Activities:		
Reclassification of equity component of convertible debt	$ 114.6	$ 0.0
Acquisition of property and equipment on account	$ 37.4	$ 7.8
Acquisition of property and equipment through long-term financing	$ 3.0	$ 12.6
Options assumed from acquired business	$ 0.0	$ 3.3
Supplemental Cash Flow Information:		
Income taxes paid, net of refunds	$ 39.3	$ 23.4
Interest paid (net of capitalized interest of $1.3 million and $0.0 million, respectively)	$ 21.3	$ 22.6

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5. Business Combinations

Fiscal 2012 Acquisition

On May 6, 2011, we completed the acquisition of certain assets related to the Engenio external storage systems business (Engenio) of LSI Corporation (LSI). We paid LSI $480.0 million in cash and also assumed certain liabilities related to Engenio. During the three years following the acquisition, LSI will pay us a total of $13.0 million to service certain LSI customer warranties. This acquisition enables us to address growing customer requirements in the areas of high bandwidth and intensive analytics workloads such as video, including full-motion video capture and digital video surveillance, as well as high-performance computing applications, such as genomics sequencing and scientific research.

The purchase price was allocated to Engenio s net tangible and intangible assets as of the date of acquisition based on various fair value estimates and analyses, including work performed by third-party valuation specialists.

The following are the preliminary estimated fair value of assets acquired and liabilities assumed as of the closing date (in millions):

Current assets	$ 49.8
Property and equipment	33.3
Identified intangible assets	272.1
Goodwill	143.7
Other assets	9.3
Total assets acquired	508.2
Current liabilities	(20.9)
Other liabilities	(7.3)
Total purchase price	$ 480.0

Adjustments may be made to the allocation of the purchase price during the measurement period to reflect adjustments related to facts existing at the time of the acquisition.

As this was an asset acquisition, United States (U.S.) goodwill is deductible for income tax purposes. The goodwill is comprised of expected synergies in utilizing Engenio s technology in our products and channels (and vice versa), reduction in future combined research and development expenses, and intangible assets, such as acquired workforce, that do not qualify for separate recognition.

The identified intangible assets as of the date of acquisition, which are amortized on a straight-line basis over their estimated useful lives, consisted of the following (in millions, except useful life):

	Estimated Fair Value	Useful Life (Years)
Developed technology	$ 216.0	5
Customer contracts/relationships	45.0	2
Trademarks and trade names	7.0	2
Order backlog	2.5	0
Covenant not to compete	1.6	3
Total identified intangible assets	$ 272.1	

Our consolidated net revenues for the three and nine months ended January 27, 2012 included $178.3 million and $517.8 million, respectively, attributable to Engenio since the acquisition. Due to continued integration of the combined businesses since the date of acquisition, it is impracticable to determine the earnings contributed by Engenio.

The following unaudited pro forma condensed combined financial information gives effect to the acquisition of Engenio as if it were consummated on May 1, 2010 (the beginning of the comparable prior annual reporting period). Due to historically differing fiscal year ends of the Company and Engenio, the unaudited pro forma condensed combined financial information for the three and nine months ended January 28, 2011 is based on historical results of the Company for the three and nine months ended January 28, 2011 and the historical results of Engenio for the three and nine months ended December 31, 2010.

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The unaudited pro forma condensed combined financial information is presented for informational purposes only, is not intended to represent or be indicative of the results of operations of the Company that would have been reported had the acquisition occurred on May 1, 2010 and should not be taken as representative of future condensed consolidated results of operations of the combined company (in millions):

	Three Months Ended		Nine Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Net revenues	$ 1,565.5	$ 1,486.6	$ 4,539.3	$ 4,240.5
Net income	$ 119.6	$ 142.8	$ 431.3	$ 459.0

A nonrecurring adjustment of $5.6 million has been reflected in the unaudited pro forma condensed combined information with the effect of increasing net income for the nine months ended January 27, 2012 and decreasing net income for the nine months ended January 28, 2011 to present the impact on cost of revenues from the step-up in inventory as if the acquisition occurred on May 1, 2010.

Acquisition-related expense included in our condensed consolidated statements of operations was:

	Three Months Ended January 27, 2012	Nine Months Ended January 27, 2012
Acquisition-related expense	$ 3.5	$ 7.4

For the nine months ended January 27, 2012, acquisition-related expense consisted of due diligence and legal charges of $0.7 million directly related to the acquisition of Engenio and $6.7 million of integration charges related to the combined business.

Fiscal 2011 Acquisitions

During fiscal 2011, we acquired two privately held companies, Akorri Networks, Inc. (Akorri), and Bycast Inc. (Bycast). Akorri, headquartered in Massachusetts, is a provider of data center management software focused on performance and capacity analytics for virtualized, shared information technology infrastructures. The Akorri acquisition extends our offering by adding performance capacity analytics to provide customers greater visibility across the entire IT stack, resulting in further improvement in IT efficiency and flexibility through functions that help control, automate, and analyze their shared IT infrastructure. Bycast, headquartered in Vancouver, Canada, develops and sells software designed to manage petabyte-scale, globally distributed repositories of images, video and records for enterprises and service providers. The Bycast acquisition extends our position in unified storage by adding an object-based storage software offering, which simplifies the task of large-scale storage and improves the ability to search and locate data objects.

The following table summarizes the purchase price components and equity interests acquired as of January 27, 2012 (in millions):

	Akorri	Bycast
Acquisition dates	January 31, 2011	May 13, 2010
Percentage of equity interest acquired	100%	100%
Total purchase price	$ 62.3	$ 83.8
Cash component of purchase price	$ 62.3	$ 80.5
Fair value of vested options assumed	$ 0.0	$ 3.3
Purchase price held in escrow to secure obligations of acquired entity	$ 7.9	$ 0.0

In the three months ended January 27, 2012, the escrow period for the Bycast acquisition expired and the remaining purchase price of $13.1 million was released to the former shareholders. Subject to any claims for indemnity, the escrow funds for Akorri will be released in July 2012.

A summary of the purchase price allocation as of the respective acquisition dates is as follows (in millions):

	Akorri	**Bycast**
Cash	$ 0.7	$ 5.7
Identified intangible assets	22.0	23.6
Goodwill	23.3	56.0
Deferred income taxes	9.9	(3.9)
Other assets, net	6.4	2.4
Total purchase price	$ 62.3	$ 83.8

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In the three and nine months ended January 27, 2012, an adjustment of $1.2 million was recorded to the value of Akorri goodwill related to an adjustment to deferred income taxes.

Goodwill related to the Akorri and Bycast acquisitions is not deductible for income tax purposes.

The results of operations of Akorri and Bycast are included in our condensed consolidated statements of operations from their respective acquisition dates. Pro forma results of operations have not been presented because the acquisitions were not material to our results of operations.

6. Goodwill and Other Intangible Assets, Net

Goodwill and other intangible assets, net are summarized as follows (in millions):

Goodwill:	
April 29, 2011	$ 760.3
Additions	143.7
Adjustments	1.2
January 27, 2012	$ 905.2

	January 27, 2012			April 29, 2011		
	Gross Carrying Amount	Accumulated Amortization	Other Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Other Intangible Assets, Net
Other Intangible Assets, Net:						
Developed technology	$ 282.1	$ (65.0)	$ 217.1	$ 66.1	$ (23.2)	$ 42.9
Customer contracts/relationships	59.5	(26.5)	33.0	12.0	(4.6)	7.4
Trademarks and trade names	14.7	(8.7)	6.0	7.7	(5.5)	2.2
Covenants not to compete	2.2	(0.8)	1.4	0.6	(0.1)	0.5
Total other intangible assets	$ 358.5	$ (101.0)	$ 257.5	$ 86.4	$ (33.4)	$ 53.0

Amortization expense for other intangible assets is summarized below (in millions):

	Three Months Ended		Nine Months Ended		
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011	Statements of Operations Classifications
Developed technology	$ 14.0	$ 2.5	$ 41.9	$ 10.2	Cost of product revenues
Customer contracts/relationships	6.4	0.6	21.8	2.2	Sales and marketing
Trademarks and trade names	1.0	0.3	3.3	0.9	Sales and marketing
Covenants not to compete	0.2	0.0	0.6	0.0	Sales and marketing/Research and development
	$ 21.6	$ 3.4	$ 67.6	$ 13.3	

As of January 27, 2012, future amortization expense related to identifiable intangible assets is as follows (in millions):

Fiscal Year	Amount
Remainder of 2012	$ 21.4
2013	84.2
2014	52.0
2015	50.7
2016	46.9
2017	2.3
Total	$ 257.5

7. Balance Sheet Details

Cash and cash equivalents (in millions):

	January 27, 2012	April 29, 2011
Cash	$ 754.6	$ 1,169.1
Cash equivalents	1,666.3	1,588.2
Cash and cash equivalents	$ 2,420.9	$ 2,757.3

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Inventories (in millions):

	January 27, 2012	April 29, 2011
Purchased components	$ 15.6	$ 7.5
Work-in-process	0.0	0.1
Finished goods	138.2	100.9
Inventories	$ 153.8	$ 108.5

Other current assets (in millions):

	January 27, 2012	April 29, 2011
Deferred tax assets, net	$ 223.2	$ 145.7
Prepaid expenses and other current assets	231.1	188.4
Short-term restricted cash	8.1	5.3
Other current assets	$ 462.4	$ 339.4

Property and equipment, net (in millions):

	January 27, 2012	April 29, 2011
Land	$ 206.1	$ 204.7
Buildings and building improvements	417.3	406.2
Leasehold improvements	92.8	79.3
Computer, production, engineering and other equipment	603.1	475.5
Software	360.0	270.4
Furniture and fixtures	70.5	61.5
Construction-in-progress	107.7	91.9
	1,857.5	1,589.5
Accumulated depreciation and amortization	(775.7)	(677.9)
Property and equipment, net	$ 1,081.8	$ 911.6

Software includes capitalized internal-use software development costs. The net book value of computer software is as follows (in millions):

	January 27, 2012	April 29, 2011
Computer software	$ 154.0	$ 88.3

Other non-current assets (in millions):

	January 27, 2012	April 29, 2011
Auction rate securities	$ 51.0	$ 65.1
Restricted cash	2.4	2.8
Deferred tax assets, net	183.9	213.2
Other assets	172.1	127.6
Other non-current assets	$ 409.4	$ 408.7

Short-term and long-term deferred revenue (in millions):

	January 27, 2012	April 29, 2011
Product	$ 32.8	$ 106.2
SEM and service	2,513.0	2,208.7
Total	$ 2,545.8	$ 2,314.9
Reported as:		
Short-term	$ 1,309.3	$ 1,226.6
Long-term	1,236.5	1,088.3
Total	$ 2,545.8	$ 2,314.9

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8. Financial Instruments and Fair Value

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; 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 on-going 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 as of January 27, 2012 and April 29, 2011, respectively (in millions):

	January 27, 2012				April 29, 2011			
		Gross Unrealized				Gross Unrealized		
	Cost or Amortized Cost	Gains	Losses	Estimated Fair Value	Cost or Amortized Cost	Gains	Losses	Estimated Fair Value
Corporate bonds	$ 1,968.6	$ 7.2	$ (2.0)	$ 1,973.8	$ 1,643.2	$ 10.2	$ (0.6)	$ 1,652.8
U.S. treasury and government debt securities	351.4	0.3	0.0	351.7	661.9	0.6	(0.7)	661.8
Commercial paper	66.2	0.0	0.0	66.2	5.0	0.0	0.0	5.0
Certificates of deposit	107.3	0.4	0.0	107.7	96.3	0.0	0.0	96.3
Money market funds	1,612.1	0.0	0.0	1,612.1	1,539.6	0.0	0.0	1,539.6
Auction rate securities	54.4	0.8	(4.2)	51.0	69.2	0.4	(4.5)	65.1
Equity funds	24.3	0.0	0.0	24.3	20.2	0.0	0.0	20.2
Private equity fund	1.0	0.0	0.0	1.0	1.3	0.0	0.0	1.3
Municipal bonds	0.0	0.0	0.0	0.0	1.5	0.0	0.0	1.5
Total debt and equity securities	$ 4,185.3	$ 8.7	$ (6.2)	$ 4,187.8	$ 4,038.2	$ 11.2	$ (5.8)	$ 4,043.6

The following table presents the contractual maturities of our debt investments as of January 27, 2012 (in millions):

	Amortized Cost	Fair Value
Due in one year or less	$ 821.6	$ 823.6
Due in one through five years	1,672.0	1,675.8
Due after ten years*	54.4	51.0
	$ 2,548.0	$ 2,550.4

* Consists of auction rate securities which have contractual maturities of greater than 10 years.

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Fair Value of Financial Instruments

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of January 27, 2012 (in millions):

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Corporate bonds	$ 1,973.8	$ 0.0	$ 1,973.8	$ 0.0
U.S. treasuries and government debt securities	351.7	0.0	351.7	0.0
Commercial paper	66.2	0.0	66.2	0.0
Certificates of deposit	107.7	0.0	107.7	0.0
Money market funds	1,612.1	1,612.1	0.0	0.0
Auction rate securities	51.0	0.0	0.0	51.0
Equity funds	24.3	24.3	0.0	0.0
Private equity fund	1.0	0.0		