

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2026

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 001-35594

PALO ALTO NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2530195
(I.R.S. Employer
Identification No.)

3000 Tannery Way
Santa Clara, California 95054
(Address of principal executive offices, including zip code)

(408) 753-4000
(Registrant's telephone number, including area code)
NA

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.0001 par value per share	PANW	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer Emerging growth company
Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares outstanding of the registrant's common stock as of February 11, 2026 was 816 million.

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Part I

Item 1. Financial Statements

PALO ALTO NETWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)

	January 31, 2026 (unaudited)	July 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,158	\$ 2,269
Short-term investments	378	635
Accounts receivable, net of allowance for credit losses of \$13 and \$10 as of January 31, 2026 and July 31, 2025, respectively	2,116	2,965
Short-term financing receivables, net	672	715
Short-term deferred contract costs	424	419
Prepaid expenses and other current assets	621	520
Total current assets	8,369	7,523
Property and equipment, net	485	387
Operating lease right-of-use assets	368	347
Long-term investments	3,362	5,555
Long-term financing receivables, net	870	1,002
Long-term deferred contract costs	526	586
Goodwill	6,931	4,567
Intangible assets, net	1,249	763
Deferred tax assets	2,392	2,424
Other assets	427	422
Total assets	\$ 24,979	\$ 23,576
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 262	\$ 232
Accrued compensation	562	608
Accrued and other liabilities	937	846
Deferred revenue	6,248	6,302
Total current liabilities	8,009	7,988
Long-term deferred revenue	6,181	6,450
Deferred tax liabilities	75	89
Long-term operating lease liabilities	372	338
Other long-term liabilities	949	887
Total liabilities	15,586	15,752
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock; \$0.0001 par value; 100 shares authorized; none issued and outstanding as of January 31, 2026 and July 31, 2025	—	—
Common stock and additional paid-in capital; \$0.0001 par value; 2,000 shares authorized; 703 and 668 shares issued and outstanding as of January 31, 2026 and July 31, 2025, respectively	6,097	5,292
Accumulated other comprehensive income	46	48
Retained earnings	3,250	2,484
Total stockholders' equity	9,393	7,824
Total liabilities and stockholders' equity	\$ 24,979	\$ 23,576

See notes to condensed consolidated financial statements.

PALO ALTO NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in millions, except per share data)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Revenue:				
Product	\$ 514	\$ 421	\$ 948	\$ 775
Subscription and support	2,080	1,836	4,120	3,621
Total revenue	2,594	2,257	5,068	4,396
Cost of revenue:				
Product	115	101	204	176
Subscription and support	570	498	1,119	977
Total cost of revenue	685	599	1,323	1,153
Total gross profit	1,909	1,658	3,745	3,243
Operating expenses:				
Research and development	511	505	1,039	986
Sales and marketing	823	758	1,643	1,478
General and administrative	178	154	357	252
Total operating expenses	1,512	1,417	3,039	2,716
Operating income	397	241	706	527
Interest expense	—	(1)	—	(2)
Other income, net	152	85	255	168
Income before income taxes	549	325	961	693
Provision for income taxes	117	58	195	75
Net income	\$ 432	\$ 267	\$ 766	\$ 618
Net income per share, basic	\$ 0.61	\$ 0.41	\$ 1.10	\$ 0.94
Net income per share, diluted	\$ 0.61	\$ 0.38	\$ 1.07	\$ 0.87
Weighted-average shares used to compute net income per share, basic	704	659	695	657
Weighted-average shares used to compute net income per share, diluted	711	709	713	709

See notes to condensed consolidated financial statements.

PALO ALTO NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in millions)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Net income	\$ 432	\$ 267	\$ 766	\$ 618
Other comprehensive income, net of tax:				
Change in unrealized gains (losses) on investments	(26)	(5)	(1)	(8)
Cash flow hedges:				
Change in unrealized gains (losses)	16	(9)	23	(9)
Net realized (gains) losses reclassified into earnings	(11)	4	(24)	5
Net change on cash flow hedges	5	(5)	(1)	(4)
Other comprehensive loss	(21)	(10)	(2)	(12)
Comprehensive income	\$ 411	\$ 257	\$ 764	\$ 606

See notes to condensed consolidated financial statements.

PALO ALTO NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in millions)

Three Months Ended January 31, 2026

	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance as of October 31, 2025	692	\$ 5,780	\$ 67	\$ 2,818	\$ 8,665
Net income	—	—	—	432	432
Other comprehensive loss	—	—	(21)	—	(21)
Issuance of common stock in connection with employee equity incentive plans	2	9	—	—	9
Taxes paid related to net share settlement of equity awards	—	(108)	—	—	(108)
Share-based compensation for equity-based awards	—	307	—	—	307
Replacement awards related to a business acquisition	2	109	—	—	109
Settlement of warrants	7	—	—	—	—
Balance as of January 31, 2026	703	\$ 6,097	\$ 46	\$ 3,250	\$ 9,393

Three Months Ended January 31, 2025

	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance as of October 31, 2024	655	\$ 4,215	\$ (4)	\$ 1,701	\$ 5,912
Net income	—	—	—	267	267
Other comprehensive loss	—	—	(10)	—	(10)
Issuance of common stock in connection with employee equity incentive plans	5	37	—	—	37
Taxes paid related to net share settlement of equity awards	—	(156)	—	—	(156)
Share-based compensation for equity-based awards	—	325	—	—	325
Settlement of convertible notes	2	—	—	—	—
Settlement of note hedges	(2)	—	—	—	—
Balance as of January 31, 2025	660	\$ 4,421	\$ (14)	\$ 1,968	\$ 6,375

Six Months Ended January 31, 2026

	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance as of July 31, 2025	668	\$ 5,292	\$ 48	\$ 2,484	\$ 7,824
Net income	—	—	—	766	766
Other comprehensive loss	—	—	(2)	—	(2)
Issuance of common stock in connection with employee equity incentive plans	6	138	—	—	138
Taxes paid related to net share settlement of equity awards	—	(109)	—	—	(109)
Share-based compensation for equity-based awards	—	667	—	—	667
Replacement awards related to a business acquisition	2	109	—	—	109
Settlement of warrants	27	—	—	—	—
Balance as of January 31, 2026	703	\$ 6,097	\$ 46	\$ 3,250	\$ 9,393

Six Months Ended January 31, 2025

	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance as of July 31, 2024	650	\$ 3,821	\$ (2)	\$ 1,350	\$ 5,169
Net income	—	—	—	618	618
Other comprehensive loss	—	—	(12)	—	(12)
Issuance of common stock in connection with employee equity incentive plans	10	158	—	—	158
Taxes paid related to net share settlement of equity awards	—	(178)	—	—	(178)
Share-based compensation for equity-based awards	—	620	—	—	620
Settlement of convertible notes	6	—	—	—	—
Settlement of note hedges	(6)	—	—	—	—
Balance as of January 31, 2025	660	\$ 4,421	\$ (14)	\$ 1,968	\$ 6,375

See notes to condensed consolidated financial statements.

PALO ALTO NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Six Months Ended January 31,	
	2026	2025
Cash flows from operating activities		
Net income	\$ 766	\$ 618
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation for equity-based awards	671	615
Deferred income taxes	14	(317)
Depreciation and amortization	180	171
Amortization of deferred contract costs	261	225
Amortization of debt issuance costs	—	1
Change in fair value of contingent consideration liability	(10)	16
Reduction of operating lease right-of-use assets	35	32
Amortization of investment premiums, net of accretion of purchase discounts	(52)	(26)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	864	1,123
Financing receivables, net	175	(11)
Deferred contract costs	(206)	(193)
Prepaid expenses and other assets	(45)	89
Accounts payable	40	33
Accrued compensation	(47)	(63)
Accrued and other liabilities	23	1
Deferred revenue	(344)	(247)
Net cash provided by operating activities	2,325	2,067
Cash flows from investing activities		
Purchases of investments	(1,925)	(1,732)
Proceeds from sales of investments	2,816	645
Proceeds from maturities of investments	1,609	753
Business acquisitions, net of cash and restricted cash acquired	(2,578)	(499)
Purchases of property, equipment, and other assets	(254)	(92)
Net cash used in investing activities	(332)	(925)
Cash flows from financing activities		
Repayments of convertible senior notes	—	(432)
Proceeds from sales of shares through employee equity incentive plans	138	158
Payments for taxes related to net share settlement of equity awards	(109)	(178)
Payments of contingent consideration liability	(135)	—
Net cash used in financing activities	(106)	(452)
Net increase in cash, cash equivalents, and restricted cash	1,887	690
Cash, cash equivalents, and restricted cash—beginning of period	2,279	1,547
Cash, cash equivalents, and restricted cash—end of period	\$ 4,166	\$ 2,237
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets		
Cash and cash equivalents	\$ 4,158	\$ 2,226
Restricted cash included in prepaid expenses and other current assets	4	11
Restricted cash included in other assets	4	—
Total cash, cash equivalents, and restricted cash	\$ 4,166	\$ 2,237
Non-cash investing and financing activities		
Equity consideration for a business acquisition	\$ (109)	\$ —
Contingent consideration for a business acquisition	\$ —	\$ (649)

See notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Palo Alto Networks, Inc. (the “Company,” “we,” “us,” or “our”), headquartered in Santa Clara, California, was incorporated in March 2005 under the laws of the State of Delaware and commenced operations in April 2005. Our cybersecurity platforms and services help enterprises, organizations, service providers, and government entities to secure their users, networks, clouds, and endpoints by delivering comprehensive cybersecurity backed by artificial intelligence and automation.

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”), consistent in all material respects with those applied in our Annual Report on Form 10-K for the fiscal year ended July 31, 2025, filed with the Securities and Exchange Commission (“SEC”) on August 29, 2025. The condensed consolidated financial statements include our accounts and our wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated financial statements are unaudited but include all adjustments of a normal recurring nature necessary for a fair presentation of our quarterly results. Our condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended July 31, 2025.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the condensed consolidated financial statements and the accompanying notes. We evaluate our estimates on an ongoing basis. Management estimates include, but are not limited to, the standalone selling price for our products and services, share-based compensation, fair value of assets acquired and liabilities assumed in business combinations, fair value of contingent consideration liability, the assessment of recoverability of our intangibles and goodwill, valuation allowance against deferred tax assets, valuation of inventory and manufacturing partner and supplier liabilities, deferred contract cost benefit period, and loss contingencies. We base our estimates on assumptions, both historical and forward looking, that we believe are reasonable. Actual results could differ materially from those estimates due to risks and uncertainties.

Summary of Significant Accounting Policies

There have been no material changes to our significant accounting policies as of and for the six months ended January 31, 2026, as compared to the significant accounting policies described in our Annual Report on Form 10-K for the fiscal year ended July 31, 2025.

Recently Issued Accounting Pronouncements

Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance that requires consistent categories and greater disaggregation of information in the effective tax rate reconciliation and additional disclosures of income taxes paid by jurisdiction. The standard is effective for our annual periods beginning in fiscal 2026 and could be applied either prospectively or retrospectively. We are currently evaluating the impact of this standard on our disclosures in the consolidated financial statements.

Expense Disaggregation Disclosures

In November 2024, the FASB issued authoritative guidance that expands annual and interim disclosure of specified information about certain costs and expenses in the notes to financial statements. The standard is effective for our annual periods beginning in fiscal 2028 and interim periods beginning in the first quarter of fiscal 2029, and could be applied either prospectively or retrospectively. Early adoption is permitted. We are currently evaluating the impact of this standard on our disclosures in the consolidated financial statements.

Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued authoritative guidance that provides a practical expedient for estimating expected credit losses on accounts receivable and contract assets. The standard is effective for our annual and interim periods beginning in the first quarter of fiscal 2027 and will be applied on a prospective basis. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

Accounting for Internal-Use Software

In September 2025, the FASB issued authoritative guidance that modernizes the accounting for internal-use software by eliminating project stage-based capitalization and clarifying the requirements, including probable-to-complete threshold, to commence the capitalization of software development costs. The standard is effective for our annual and interim periods beginning in the first quarter of fiscal 2029 and could be applied either prospectively or retrospectively. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

Hedge Accounting Improvements

In November 2025, the FASB issued authoritative guidance that clarifies and improves the existing hedge accounting guidance to better reflect the economics of an entity's risk management activities. The standard is effective for our annual and interim periods beginning in the first quarter of fiscal 2028 and will be applied on a prospective basis. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

2. Revenue

Disaggregation of Revenue

The following table presents revenue by geographic theater (in millions):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Revenue:				
Americas				
United States	\$ 1,588	\$ 1,400	\$ 3,114	\$ 2,744
Other Americas	124	102	239	200
Total Americas	1,712	1,502	3,353	2,944
Europe, the Middle East, and Africa ("EMEA")	560	480	1,081	922
Asia Pacific and Japan ("APAC")	322	275	634	530
Total revenue	\$ 2,594	\$ 2,257	\$ 5,068	\$ 4,396

The following table presents revenue for groups of similar products and services (in millions):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Revenue:				
Product	\$ 514	\$ 421	\$ 948	\$ 775
Subscription and support				
Subscription	1,404	1,233	2,768	2,425
Support	676	603	1,352	1,196
Total subscription and support	2,080	1,836	4,120	3,621
Total revenue	\$ 2,594	\$ 2,257	\$ 5,068	\$ 4,396

Deferred Revenue

During the six months ended January 31, 2026 and 2025, we recognized approximately \$3.5 billion and \$3.1 billion of revenue pertaining to amounts that were deferred as of July 31, 2025 and 2024, respectively.

Remaining Performance Obligations

Remaining performance obligations were \$16.0 billion as of January 31, 2026, of which we expect to recognize as revenue approximately \$7.1 billion over the next 12 months and the remainder thereafter.

3. Fair Value Measurements

The following table presents our financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2026 and July 31, 2025 (in millions):

	January 31, 2026				July 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents:								
Money market funds	\$ 1,395	\$ —	\$ —	\$ 1,395	\$ 1,206	\$ —	\$ —	\$ 1,206
Certificates of deposit	—	14	—	14	—	—	—	—
Commercial paper	—	912	—	912	—	169	—	169
Corporate debt securities	—	17	—	17	—	—	—	—
U.S. government and agency securities	—	885	—	885	—	—	—	—
Total cash equivalents	1,395	1,828	—	3,223	1,206	169	—	1,375
Short-term investments:								
Certificates of deposit	—	3	—	3	—	—	—	—
Commercial paper	—	57	—	57	—	15	—	15
Corporate debt securities	—	280	—	280	—	584	—	584
U.S. government and agency securities	—	13	—	13	—	6	—	6
Non-U.S. government and agency securities	—	—	—	—	—	3	—	3
Asset-backed securities	—	9	—	9	—	22	—	22
Total short-term investments	—	362	—	362	—	630	—	630
Long-term investments:								
Corporate debt securities	—	2,583	—	2,583	—	4,050	—	4,050
U.S. government and agency securities	—	17	—	17	—	164	—	164
Non-U.S. government and agency securities	—	—	—	—	—	26	—	26
Asset-backed securities	—	762	—	762	—	1,315	—	1,315
Total long-term investments	—	3,362	—	3,362	—	5,555	—	5,555
Prepaid expenses and other current assets:								
Foreign currency forward contracts	—	80	—	80	—	58	—	58
Total prepaid expenses and other current assets	—	80	—	80	—	58	—	58
Other assets:								
Foreign currency forward contracts	—	—	—	—	—	3	—	3
Total other assets	—	—	—	—	—	3	—	3
Total assets measured at fair value	\$ 1,395	\$ 5,632	\$ —	\$ 7,027	\$ 1,206	\$ 6,415	\$ —	\$ 7,621

	January 31, 2026				July 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Accrued and other liabilities:								
Foreign currency forward contracts	\$ —	\$ 4	\$ —	\$ 4	\$ —	\$ 4	\$ —	\$ 4
Contingent consideration	—	—	157	157	—	—	276	276
Total accrued and other liabilities	—	4	157	161	—	4	276	280
Other long-term liabilities:								
Contingent consideration	—	—	212	212	—	—	238	238
Total other long-term liabilities	—	—	212	212	—	—	238	238
Total liabilities measured at fair value	\$ —	\$ 4	\$ 369	\$ 373	\$ —	\$ 4	\$ 514	\$ 518

As part of our acquisition of certain QRadar assets from International Business Machines Corporation (“IBM”) on August 31, 2024, we agreed to make post-closing payments to IBM contingent upon customers entering into qualified new transactions through June 30, 2028. Payments related to the contingent consideration liability commenced in the fiscal quarter ended October 2025 and are expected to continue through the fiscal quarter ending October 2028. The estimated range of undiscounted contingent consideration is between \$0.4 billion and \$0.6 billion.

The fair value of our contingent consideration liability is estimated using a discounted cash flow valuation technique. We consider the fair value of our contingent consideration liability to be a Level 3 measurement as we use unobservable inputs in determining discounted cash flows to estimate the fair value. The significant unobservable inputs include an estimate of future cash payments related to customers entering into qualified new transactions as well as a risk-adjusted discount rate used to present value the expected cash flows. A significant change in any of these assumptions could have a material impact to the fair value of our contingent consideration liability.

The following table presents a reconciliation of our contingent consideration liability (in millions):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Contingent consideration liability at the beginning of the period	\$ 380	\$ 655	\$ 514	\$ —
Initial valuation on the acquisition date	—	—	—	649
Change in fair value	3	10	(10)	16
Payments	(14)	—	(135)	—
Contingent consideration liability at the end of the period	\$ 369	\$ 665	\$ 369	\$ 665

The total estimated fair value of our financing receivables approximates their carrying amounts as of January 31, 2026 and July 31, 2025. We consider the fair value of our financing receivables to be a Level 3 measurement as we use unobservable inputs in determining discounted cash flows to estimate the fair value.

4. Cash Equivalents and Investments

Available-for-sale Debt Securities

The following tables summarize the amortized cost, unrealized gains and losses, and fair value of our available-for-sale debt securities as of January 31, 2026 and July 31, 2025 (in millions):

	January 31, 2026			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash equivalents:				
Certificates of deposit	\$ 14	\$ —	\$ —	\$ 14
Commercial paper	912	—	—	912
Corporate debt securities	17	—	—	17
U.S. government and agency securities	885	—	—	885
Total available-for-sale cash equivalents	<u>\$ 1,828</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,828</u>
Investments:				
Certificates of deposit	\$ 3	\$ —	\$ —	\$ 3
Commercial paper	57	—	—	57
Corporate debt securities	2,820	43	—	2,863
U.S. government and agency securities	30	—	—	30
Asset-backed securities	762	9	—	771
Total available-for-sale investments	<u>\$ 3,672</u>	<u>\$ 52</u>	<u>\$ —</u>	<u>\$ 3,724</u>

	July 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash equivalents:				
Commercial paper	\$ 169	\$ —	\$ —	\$ 169
Total available-for-sale cash equivalents	<u>\$ 169</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 169</u>
Investments:				
Commercial paper	\$ 15	\$ —	\$ —	\$ 15
Corporate debt securities	4,588	47	(1)	4,634
U.S. government and agency securities	170	—	—	170
Non-U.S. government and agency securities	29	—	—	29
Asset-backed securities	1,328	9	—	1,337
Total available-for-sale investments	<u>\$ 6,130</u>	<u>\$ 56</u>	<u>\$ (1)</u>	<u>\$ 6,185</u>

Unrealized losses related to our available-for-sale debt securities are primarily due to interest rate fluctuations as opposed to credit quality. We do not intend to sell any of the securities in an unrealized loss position and it is not likely that we would be required to sell these securities before recovery of their amortized cost basis, which may be at maturity. We did not recognize any credit losses related to our available-for-sale debt securities during the three and six months ended January 31, 2026 and 2025.

The following table summarizes the amortized cost and fair value of our available-for-sale debt securities as of January 31, 2026, by contractual years-to-maturity (in millions):

	Amortized Cost	Fair Value
Due within one year	\$ 2,189	\$ 2,190
Due between one and three years	1,180	1,199
Due between three and five years	1,892	1,919
Due between five and ten years	110	111
Due after ten years	129	133
Total	<u>\$ 5,500</u>	<u>\$ 5,552</u>

Marketable Equity Securities

Marketable equity securities consist of money market funds and are included in cash and cash equivalents on our condensed consolidated balance sheets. As of January 31, 2026 and July 31, 2025, the carrying values of our marketable equity securities were \$1.4 billion and \$1.2 billion, respectively. There were no unrealized gains or losses recognized for these securities during the three and six months ended January 31, 2026 and 2025.

5. Financing Receivables

The following table summarizes our short-term and long-term financing receivables as of January 31, 2026 and July 31, 2025 (in millions):

	January 31, 2026	July 31, 2025
Short-term financing receivables, gross	\$ 754	\$ 806
Unearned income	(75)	(86)
Allowance for credit losses	(7)	(5)
Short-term financing receivables, net	<u>\$ 672</u>	<u>\$ 715</u>
Long-term financing receivables, gross	\$ 937	\$ 1,079
Unearned income	(58)	(69)
Allowance for credit losses	(9)	(8)
Long-term financing receivables, net	<u>\$ 870</u>	<u>\$ 1,002</u>

The following table presents amortized cost basis of our financing receivables categorized by internal risk rating and year of origination (in millions):

Internal Risk Rating ⁽¹⁾	January 31, 2026						July 31, 2025					
	Fiscal Year of Origination						Fiscal Year of Origination					
	2026	2025	2024	2023	2022	Total	2025	2024	2023	2022	2021	Total
1 to 4	\$ 36	\$ 257	\$ 610	\$ 156	\$ 5	\$ 1,064	\$ 261	\$ 732	\$ 242	\$ 9	\$ 18	\$ 1,262
5 to 6	129	172	169	14	—	484	174	226	50	—	—	450
7 to 10	—	—	3	7	—	10	—	4	14	—	—	18
Amortized cost basis of financing receivables	<u>\$ 165</u>	<u>\$ 429</u>	<u>\$ 782</u>	<u>\$ 177</u>	<u>\$ 5</u>	<u>\$ 1,558</u>	<u>\$ 435</u>	<u>\$ 962</u>	<u>\$ 306</u>	<u>\$ 9</u>	<u>\$ 18</u>	<u>\$ 1,730</u>

⁽¹⁾ Internal risk ratings are categorized as 1 through 10, with the lowest rating representing the highest quality.

There was no significant activity in allowance for credit losses during the three and six months ended January 31, 2026 and 2025. Past due amounts on financing receivables were not material as of January 31, 2026 and July 31, 2025.

6. Derivative Instruments

We are exposed to foreign currency exchange risk. Our sales contracts are primarily denominated in U.S. dollars. A portion of our operating expenditures are denominated in foreign currencies, making them subject to fluctuations in foreign currency exchange rates. We enter into foreign currency derivative contracts with maturities of 24 months or less, which we designate as cash flow hedges, to manage the foreign currency exchange risk associated with our revenue and operating expenditures.

As of January 31, 2026 and July 31, 2025, the total notional amount of our outstanding foreign currency forward contracts designated as cash flow hedges was \$523 million and \$964 million, respectively. Refer to Note 3. Fair Value Measurements for the fair value of our derivative instruments as reported on our condensed consolidated balance sheets as of January 31, 2026 and July 31, 2025.

As of January 31, 2026, unrealized gains and losses in accumulated other comprehensive income ("AOCI") related to our cash flow hedges were a \$39 million net gain, of which \$40 million in gains are expected to be recognized into earnings within the next 12 months. As of July 31, 2025, unrealized gains and losses in AOCI related to our cash flow hedges were a \$40 million net gain.

As of January 31, 2026 and July 31, 2025, the notional amount of our outstanding foreign currency forward contracts not designated as hedging instruments was \$557 million and \$504 million, respectively.

7. Acquisitions

Chronosphere, Inc.

On January 29, 2026, we completed our acquisition of Chronosphere, Inc. ("Chronosphere"), a privately-held observability technology company. The acquisition resulted in forming our observability platform. The total purchase consideration for the acquisition of Chronosphere was \$3.0 billion, which consisted of the following (in millions):

	Amount
Cash	\$ 2,842
Fair value of replacement awards	109
Total	\$ 2,951

As part of the acquisition, we issued \$525 million of replacement equity awards, of which the portion attributable to services performed prior to the acquisition date was allocated to purchase consideration. The remaining fair value was allocated to future services and will be expensed over the remaining service periods as share-based compensation. The replacement equity awards included 2 million shares of our restricted common stock. These restricted common stock vest over a period of two to three years from the date of issuance.

We have accounted for this transaction as a business combination and allocated the purchase consideration to assets acquired and liabilities assumed based on preliminary estimated fair values, as presented in the following table (in millions):

	Amount
Goodwill	\$ 2,364
Identified intangible assets	565
Cash	57
Net liabilities assumed	(35)
Total	\$ 2,951

Goodwill generated from this business combination is primarily attributable to the assembled workforce and expected post-acquisition synergies from integrating Chronosphere technology into our platforms. The goodwill is not deductible for U.S. income tax purposes.

The following table presents details of the identified intangible asset acquired (in millions, except years):

	Fair Value	Estimated Useful Life
Developed technology	\$ 300	5 years
Customer relationships	255	6 years - 10 years
Trade name and trademarks	10	1 year
Total	\$ 565	

We have included the financial results of Chronosphere in our consolidated financial statements from the date of acquisition. Post-acquisition revenue and earnings of Chronosphere were not material to our condensed consolidated statements of operations for the three and six months ended January 31, 2026.

CyberArk Software Ltd.

On July 30, 2025, we entered into a definitive agreement to acquire CyberArk Software Ltd., an identity security company (“CyberArk”). Under the terms of the agreement, CyberArk shareholders were entitled to receive \$45.00 in cash and 2.2005 shares of our common stock for each CyberArk share.

On February 11, 2026, we completed the acquisition of CyberArk. Refer to 16. Subsequent Events for additional information. This acquisition will be accounted for as a business combination in the third quarter of fiscal 2026.

Additional Acquisition-Related Information

The following unaudited pro forma financial information summarizes the combined results of operations for Palo Alto Networks and Chronosphere, as though the companies were combined as of the beginning of our fiscal 2025 (in millions):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Total revenue	\$ 2,643	\$ 2,271	\$ 5,158	\$ 4,423
Net income	\$ 286	\$ 173	\$ 535	\$ 422

The unaudited pro forma financial information include adjustments attributable to our acquisition of Chronosphere, including amortization for intangible assets acquired and stock-based compensation expense from assumed replacement equity awards. The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of our fiscal 2025 or of the results of our future operations of the combined business.

Additional information related to our acquisitions, such as that related to income tax and other contingencies, existing as of the acquisition date may become known during the remainder of the measurement period, not to exceed 12 months from the acquisition date, which may result in changes to the amounts and allocations recorded.

8. Goodwill, Intangible Assets and Other Long-Lived Assets

Goodwill

The following table presents details of our goodwill during the six months ended January 31, 2026 (in millions):

	Amount
Balance as of July 31, 2025	\$ 4,567
Goodwill acquired	2,364
Balance as of January 31, 2026	<u>\$ 6,931</u>

Purchased Intangible Assets

The following table presents details of our purchased intangible assets as of January 31, 2026 and July 31, 2025 (in millions):

	January 31, 2026			July 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Developed technology	\$ 815	\$ (303)	\$ 512	\$ 536	\$ (274)	\$ 262
Customer relationships	864	(151)	713	609	(123)	486
Acquired intellectual property	24	(10)	14	24	(9)	15
Trade name and trademarks	10	—	10	—	—	—
Other	—	—	—	1	(1)	—
Total purchased intangible assets	<u>\$ 1,713</u>	<u>\$ (464)</u>	<u>\$ 1,249</u>	<u>\$ 1,170</u>	<u>\$ (407)</u>	<u>\$ 763</u>

We recognized amortization expense of \$39 million and \$79 million for the three and six months ended January 31, 2026, respectively, and \$45 million and \$86 million for the three and six months ended January 31, 2025, respectively.

The following table summarizes estimated future amortization expense of our intangible assets subject to amortization as of January 31, 2026 (in millions):

	Fiscal years ending July 31,						
	Total	Remaining 2026	2027	2028	2029	2030	2031 and Thereafter
Future amortization expense	\$ 1,249	\$ 130	\$ 224	\$ 199	\$ 173	\$ 156	\$ 367

Other Long-lived assets

During the six months ended January 31, 2026, we purchased 14.5 acres of land adjacent to our headquarters in Santa Clara, California, for \$91 million to accommodate future expansion of our headquarters. This amount was recorded in property and equipment, net on our condensed consolidated balance sheet as of January 31, 2026.

9. Debt

Convertible Senior Notes, Note Hedges, and Warrants

In June 2020, we issued \$2.0 billion aggregate principal amount of 0.375% Convertible Senior Notes due 2025 (the "2025 Notes"). The 2025 Notes were converted prior to or settled on the maturity date of June 1, 2025 in accordance with their terms.

Concurrent with the issuance of the 2025 Notes, we entered into separate convertible note hedge transactions (the "2025 Note Hedges") with respect to our common stock for an aggregate payment of \$371 million. The 2025 Note Hedges expired upon maturity of the 2025 Notes. Any shares of our common stock receivable by us under the 2025 Note Hedges are excluded from the calculation of diluted earnings per share as they are antidilutive.

Separately, but concurrently with the issuance of our 2025 Notes, we entered into transactions whereby we sold warrants (the "2025 Warrants") to acquire 40 million shares of our common stock with a strike price of \$68.08 per share, subject to anti-dilution adjustments, for aggregate proceeds of \$203 million. The 2025 Warrants are exercisable over 60 scheduled trading days beginning September 2025. The shares issuable under the 2025 Warrants are included in the calculation of diluted earnings per share when the average market value per share of our common stock for the reporting period exceeds the strike price of the 2025 Warrants.

During the six months ended January 31, 2026, we net settled all of the 2025 Warrants with the issuance of 27 million shares of our common stock with a fair value of \$5.6 billion, of which 7 million shares of our common stock with a fair value of \$1.5 billion were issued during the three months ended January 31, 2026. The number of net shares issued was determined based on the number of 2025 Warrants exercised multiplied by the difference between the strike price of the 2025 Warrants and their daily volume-weighted-average stock price.

Revolving Credit Facility

On April 13, 2023, we entered into a credit agreement (the "Credit Agreement") with certain institutional lenders that provides for a \$400 million unsecured revolving credit facility (the "Credit Facility"), with an option to increase the amount of the Credit Facility by up to an additional \$350 million, subject to certain conditions. The Credit Facility matures on April 13, 2028.

The borrowings under the Credit Facility bear interest, at our option, at a base rate plus a spread of 0.000% to 0.375%, or an adjusted term Secured Overnight Financing Rate plus a spread of 1.000% to 1.375%, in each case with such spread being determined based on our leverage ratio. We are obligated to pay an ongoing commitment fee on undrawn amounts at a rate of 0.090% to 0.150%, depending on our leverage ratio. The interest rates and commitment fees are also subject to upward and downward adjustments based on our progress towards the achievement of certain sustainability goals.

As of January 31, 2026, there were no amounts outstanding and we were in compliance with all covenants under the Credit Agreement.

10. Commitments and Contingencies

Purchase Commitments

We have entered into various non-cancelable agreements with cloud hosting service providers, under which we are committed to minimum or fixed purchases of certain cloud hosting services. In addition, in order to reduce manufacturing lead times and plan for adequate supply, we have entered into agreements with manufacturing partners and component suppliers to procure inventory based on our demand forecasts. Other purchase obligations include non-cancellable subscription agreements and other commitments in the normal course of business. The following table presents details of the aggregate future non-cancelable purchase commitments under these agreements as of January 31, 2026 (in millions):

	Fiscal years ending July 31,						
	Total	Remaining 2026	2027	2028	2029	2030	2031 and Thereafter
Cloud	\$ 6,446	\$ 65	\$ 535	\$ 1,078	\$ 1,122	\$ 1,148	\$ 2,498
Manufacturing	198	176	22	—	—	—	—
Other	145	43	71	13	9	9	—
Total	\$ 6,789	\$ 284	\$ 628	\$ 1,091	\$ 1,131	\$ 1,157	\$ 2,498

Additionally, we have a \$104 million minimum purchase commitment with a cloud hosting service provider through September 2027 with no specified annual commitments.

Litigation

We are subject to legal proceedings, claims, tax matters, and litigation arising in the ordinary course of business, including, for instance, intellectual property and patent litigation. We accrue for contingencies when we believe that a loss is probable and that we can reasonably estimate the amount of any such loss.

Legal matters could include speculative, substantial, or indeterminate monetary amounts. Significant judgment is required to determine both the likelihood of there being a loss and the estimated amount of a loss related to such matters, and we may be unable to estimate the reasonably possible loss or range of loss. The outcomes of outstanding legal matters are inherently unpredictable, and could, either individually or in aggregate, have a material adverse effect on us and our results of operations. To the extent there is a reasonable possibility that a loss exceeding any amounts already recognized may be incurred, we will either disclose the estimated additional loss or state that such an estimate cannot be made.

The following matters arose in the ordinary course of business.

Centripetal Networks, Inc. v. Palo Alto Networks

On March 12, 2021, Centripetal Networks, Inc., filed a lawsuit against us in the United States District Court for the Eastern District of Virginia. The lawsuit alleges that our products infringe multiple Centripetal patents. We successfully challenged certain of these patents, which were found unpatentable by the U.S. Patent and Trademark Office (“PTO”). The case went to jury trial on January 22, 2024, on four patents. On January 31, 2024, the jury returned a verdict of non-willful infringement with a lump sum amount of \$152 million, plus statutory interest. After post-trial motions, a judgment was issued on October 3, 2024 affirming infringement on three patents, reversing infringement on the fourth patent, and subsequently, reducing the damages amount to \$114 million. We posted a surety bond that was agreed upon by the parties and approved by the court. This bond prevents execution of the judgment while appeals are pending. In addition, Centripetal filed infringement contentions on certain of their patents in the European Patent Office and Unified Patent Court in Germany, to which we filed appropriate legal challenges. Those matters are still pending.

As of January 31, 2026 and July 31, 2025, we accrued \$149 million and \$146 million based on the judgment and estimated interest, which is recorded in other long-term liabilities on our condensed consolidated balance sheets. The corresponding interest charge was \$2 million and \$3 million for the three and six months ended January 31, 2026, respectively. We recorded a charge of \$1 million and a release of \$42 million for the three and six months ended January 31, 2025, respectively. These amounts are included in general and administrative expense on our condensed consolidated statements of operations.

Finjan, Inc. v. Palo Alto Networks

On November 4, 2014, Finjan, Inc., filed a lawsuit against us in the United States District Court for the Northern District of California. The lawsuit alleges that our products infringe multiple Finjan patents. The complaint requests injunctive relief, monetary damages, and attorneys’ fees. On March 21, 2025, the judge issued an order granting summary judgment of non-infringement on all remaining patents at issue. Plaintiff filed a Notice of Appeal on April 21, 2025. We are unable, at this time, to reasonably estimate a possible loss or potential range of loss, if any.

Eire OG Innovations. v. Palo Alto Networks

On April 3, 2024, Eire OG Innovations filed a lawsuit against us in the United States District Court for the Eastern District of Texas asserting infringement of multiple patents, certain of which were subsequently dismissed. The parties have resolved all pending matters between them as of December 2025. The amount paid by us to resolve these matters was not material.

11. Stockholders' Equity

Share Repurchase Program

In February 2019, our board of directors authorized a \$1.0 billion share repurchase program, which is funded from available working capital. Our board of directors subsequently authorized additional increases to this share repurchase program, bringing the total authorization under this share repurchase program to \$4.1 billion (our "current authorization"). The expiration date of our current authorization was extended to December 31, 2026, and our repurchase program may be suspended or discontinued at any time. Repurchases may be made at management's discretion from time to time on the open market, through privately negotiated transactions, transactions structured through investment banking institutions, block purchase techniques, 10b5-1 trading plans, or a combination of the foregoing.

We did not repurchase shares of our common stock during the three and six months ended January 31, 2026 and 2025.

As of January 31, 2026, \$1.0 billion remained available for future share repurchases under our current repurchase authorization.

12. Equity Award Plans

Restricted Stock Unit ("RSU") and Performance-Based Stock Unit ("PSU") Activities

The following table summarizes the RSU and PSU activity under our stock plans during the six months ended January 31, 2026 (in millions, except per share amounts):

	Unvested RSUs			Unvested PSUs		
	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value
Balance—July 31, 2025	13	\$ 143.33	\$ 2,285	9	\$ 140.92	\$ 1,635
Granted ⁽¹⁾⁽²⁾	5	\$ 200.15		4	\$ 186.49	
Vested ⁽³⁾	(3)	\$ 126.28		(3)	\$ 151.12	
Forfeited	(1)	\$ 146.80		(2)	\$ 143.61	
Balance—January 31, 2026	14	\$ 168.38	\$ 2,533	8	\$ 155.96	\$ 1,464

⁽¹⁾ For PSUs, shares granted represent the aggregate maximum number of shares that may be earned and issued with respect to these awards over their full terms.

⁽²⁾ Includes 1 million RSUs assumed in connection with the acquisition of Chronosphere, with a weighted-average grant-date fair value of \$176.20 per share for the six months ended January 31, 2026.

⁽³⁾ Includes time-based vesting for PSUs.

Our RSUs generally vest over a period of four years from the date of grant. Until vested, RSUs do not have the voting and dividend participation rights of common stock and the shares underlying the awards are not considered issued and outstanding.

Our PSUs generally vest over a period of one to four years from the date of grant. The number of PSUs eligible to vest is determined based on the level of achievement against certain performance conditions, market conditions, and a combination thereof.

During the six months ended January 31, 2026, we granted 3 million shares of PSUs that contain service, performance, and market conditions. The service conditions are satisfied after a period of one to three years. The performance conditions are based on an average of next-generation security annualized recurring revenue and non-GAAP net income per diluted share. The market condition is measured based on our total shareholder return ("TSR") relative to the TSR of the companies listed in the Standard & Poor's 500 index. As of January 31, 2026, we have approved 3 million shares of PSUs, which will be granted upon the performance condition being established during the next two fiscal years.

The fair value of the PSUs subject to market conditions is estimated on the grant date using a Monte Carlo simulation model. The following table summarizes the assumptions used and the resulting grant-date fair value of our PSUs subject to market conditions granted during the three and six months ended January 31, 2026 and 2025:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2025	2026	2026	2025
Volatility	43.5% - 43.9%	36.6% - 42.6%	43.5% - 47.6%	
Expected term (in years)	1.7 - 2.7	1.0 - 3.0	1.0 - 2.9	
Dividend yield	0.0%	0.0%	0.0%	
Risk-free interest rate	4.2% - 4.2%	3.6% - 3.9%	3.7% - 4.5%	
Grant-date fair value per share	\$287.98 - \$291.91	\$226.06 - \$261.62	\$264.51 - \$305.83	

Performance Stock Option ("PSO") Activities

We have granted PSOs with both service and market conditions. The market conditions were achieved when certain stock price targets were met. As of January 31, 2026 and July 31, 2025, all of our outstanding PSOs have been fully vested. The maximum contractual term of our outstanding PSOs is seven and a half years from the date of grant in fiscal year 2018 and 2019.

The following table summarizes the PSO activity under our stock plans during the six months ended January 31, 2026 (in millions, except per share amounts):

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance—July 31, 2025	1	\$ 32.76	0.5	\$ 197
Exercised	(1)	\$ 32.76		
Balance—January 31, 2026	—	—	0.0	\$ —
Exercisable—January 31, 2026	—	—	0.0	\$ —

Share-Based Compensation

The following table summarizes share-based compensation included in costs and expenses (in millions):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Cost of product revenue	\$ 1	\$ 2	\$ 2	\$ 3
Cost of subscription and support revenue	32	32	64	63
Research and development	116	139	271	277
Sales and marketing	98	90	200	166
General and administrative	54	57	134	106
Total share-based compensation	\$ 301	\$ 320	\$ 671	\$ 615

As of January 31, 2026, total compensation cost related to unvested share-based awards not yet recognized was \$2.9 billion. This cost is expected to be amortized over a weighted-average period of approximately 2.6 years.

13. Income Taxes

Our income taxes primarily consist of U.S. and foreign income taxes and our effective tax rates differ from the U.S. statutory tax rate primarily due to the excess tax benefits from share-based compensation.

For the three and six months ended January 31, 2026, our provision for income taxes reflected effective tax rates of 21.3% and 20.3%, respectively. For the three and six months ended January 31, 2025, our provision for income taxes reflected effective tax rates of 17.7% and 10.9%, respectively. Our effective tax rates for the three and six months ended January 31, 2026 increased as compared to the same periods in 2025 primarily due to decreased excess tax benefits from share-based compensation relative to our increased business profits.

14. Net Income Per Share

Basic net income per share is computed by dividing net income by basic weighted-average shares outstanding during the period. Diluted net income per share is computed by dividing net income by diluted weighted-average shares outstanding during the period giving effect to all potentially dilutive securities to the extent they are dilutive. We compute the dilutive effect of shares issuable upon conversion of our convertible senior notes using the if-converted method, and the dilutive effect of warrants related to the issuance of convertible senior notes and equity awards under our employee equity incentive plans using the treasury stock method.

The following table presents the computation of basic and diluted net income per share of common stock (in millions, except per share data):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Net income	\$ 432	\$ 267	\$ 766	\$ 618
Weighted-average shares used to compute net income per share, basic	704	659	695	657
Weighted-average effect of potentially dilutive securities:				
Convertible senior notes	—	9	—	10
Warrants related to the issuance of convertible senior notes	1	26	10	25
Employee equity incentive plans	6	15	8	17
Weighted-average shares used to compute net income per share, diluted	711	709	713	709
Net income per share, basic	\$ 0.61	\$ 0.41	\$ 1.10	\$ 0.94
Net income per share, diluted	\$ 0.61	\$ 0.38	\$ 1.07	\$ 0.87

The following securities were excluded from the computation of diluted net income per share of common stock as their effect would have been antidilutive or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the applicable period (in millions):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Employee equity incentive plans	6	6	4	5

15. Other Income, Net

The following table sets forth the components of other income, net (in millions):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
Interest income	\$ 109	\$ 87	\$ 214	\$ 173
Foreign currency exchange gains (losses), net	(16)	2	(27)	(6)
Other, net	59	(4)	68	1
Total other income, net	\$ 152	\$ 85	\$ 255	\$ 168

16. Subsequent Events

CyberArk Software Ltd.

On February 11, 2026, we completed the acquisition of CyberArk for \$2.3 billion in cash and 112 million shares of our common stock. The cash portion of the consideration was funded with our cash on hand. We also assumed certain unvested outstanding equity awards held by CyberArk employees under certain of CyberArk's share incentive plans.

Koi Security Ltd.

On February 16, 2026, we entered into a definitive agreement to acquire Koi Security Ltd., a privately-held endpoint posture management company ("Koi Security"), in exchange for total consideration of \$300 million in cash and replacement awards, subject to adjustments. We expect the acquisition to expand the capabilities of our security operations platform. The acquisition of Koi Security is expected to close during the second half of our fiscal 2026, subject to the satisfaction of closing conditions, including regulatory clearance.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q, including, without limitation, the following discussion and analysis, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally can be identified by words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potentially,” “projects,” “will,” “will be,” “will continue,” “will likely result,” “would” and similar expressions that convey uncertainty of future events or outcomes. These forward-looking statements include, but are not limited to, statements concerning the following: expectations regarding the cybersecurity landscape; expectations regarding our platformization strategy and related progress and opportunities; expectations regarding annual recurring revenue, remaining performance obligations, and product development strategy; expectations regarding artificial intelligence; expectations regarding our strategic partnerships; expectations regarding drivers of and factors affecting growth in our business; statements regarding expected profitability, trends in annual recurring revenue, trends in remaining performance obligations, our mix of product and subscription and support revenue, cost of revenue, gross margin, cash flows, operating expenses, including future share-based compensation expense, income taxes, investment plans, and liquidity; expected recurring revenues resulting from growth in our end-customers and increased adoption of our products and cloud-delivered security solutions; the performance advantages of our products and subscription and support offerings and the potential benefits to our customers; expectations regarding future investments in research and development and product development, customer support, in our employees and in our sales force, including expectations regarding growth in our sales headcount; expectations that we will continue to expand our global presence; expectations regarding our revenues, including the seasonality and cyclicity from quarter to quarter; expectations relating to our customer financing activities; the sufficiency of our cash flow from operations with existing cash, cash equivalents, and investments to meet our cash needs for the foreseeable future; our ability to successfully acquire and integrate companies and assets and expectations and intentions with respect to the assets, products and technologies that we acquire, including with respect to our acquisition of CyberArk Software Ltd. and our expectations regarding the benefits and synergies of the acquisition; expectations regarding contingent consideration obligations; statements regarding our competition, including the expanded scope of our competitors as a result of acquisitions; the timing and amount of capital expenditures and share repurchases; the effects of worldwide economic and geopolitical conditions, including but not limited to hostilities in Israel and the surrounding regions, inflation, interest rate levels, public or administration policies, trade regulations, trade policy, growth rates and other conditions, on our operating and financial results and performance; the manufacture, delivery and cost of certain of our products; the effects of litigation or regulatory developments involving us or affecting our industry; and other statements regarding our future operations, financial condition and prospects, and business strategies. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those anticipated or implied by any forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Quarterly Report on Form 10-Q and, in particular, the risks discussed under the caption “Risk Factors” in Part II, Item 1A of this report and those discussed in other documents we file with the Securities and Exchange Commission (“SEC”) from time to time. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is organized as follows:

- **Overview.** A discussion of our business and overall analysis of financial and other highlights in order to provide context for the remainder of MD&A.
- **Key Financial Metrics.** A summary of our U.S. GAAP and non-GAAP key financial metrics, which management monitors to evaluate our performance.
- **Results of Operations.** A discussion of the nature and trends in our financial results and an analysis of our financial results comparing the three and six months ended January 31, 2026 to the three and six months ended January 31, 2025.
- **Liquidity and Capital Resources.** An analysis of changes on our balance sheets and cash flows, and a discussion of our financial condition and our ability to meet cash needs.
- **Critical Accounting Estimates.** A discussion of our accounting policies that require critical estimates, assumptions, and judgments.
- **Recent Accounting Pronouncements.** A discussion of expected impacts of impending accounting changes on financial information to be reported in the future.

Overview

Our mission is to be the cybersecurity partner of choice for enterprises, organizations, service providers, and government entities to protect our digital way of life. Our cybersecurity platforms and services help secure enterprise users, networks, clouds, and endpoints by delivering comprehensive cybersecurity backed by artificial intelligence (“AI”) and automation. A key element of our strategy is to help our customers simplify their security architectures through consolidating disparate point products. We execute on this strategy by developing our capabilities and packaging our offerings into platforms which are able to cover many of our customers’ needs in the markets in which we operate. Our platformization strategy combines various products and services into a tightly integrated architecture for more secure, faster and cost-effective outcomes.

Network Security

Our network security platform is designed to deliver complete zero trust solutions to our customers. The platform includes:

- **Secure Access Service Edge (“SASE”).** Prisma® Access, when combined with Prisma SD-WAN, provides a comprehensive SASE offering that secures users working from anywhere and pioneers the modernization of branch offices. Prisma Browser further extends zero-trust security and data protection to the browser, where the majority of work is done today, providing users with the freedom to work securely using our secure browser from any device.
- **Next-Generation Firewalls.** Our hardware ML-Powered Next-Generation Firewalls (“NGFWs”) secure on-premises environments including campus locations and data centers. Our software NGFWs secure cloud networks.
- **Cloud-Delivered Security Services (“CDSS”).** Our network security platform integrates a suite of CDSS that complements our SASE and Firewall solutions. These include Advanced Threat Prevention, Advanced WildFire®, Advanced URL Filtering, Advanced DNS Security, Device Security, GlobalProtect®, Prisma Access Agent, Enterprise Data Loss Prevention (“Enterprise DLP”), AI for IT Operations (“AIOps”), Software as a Service (“SaaS”) Security, and AI Access Security. Through these add-on services, our customers are able to secure their content, applications, users, and devices across their entire organization.
- **Prisma AIRS.** Prisma AIRS™ is a comprehensive AI security platform that has been designed to protect customers’ entire AI ecosystem by providing AI Model Security, AI Posture Management, AI Red Teaming, AI Runtime Security, and AI Agent Security.
- **Strata Cloud Manager (“SCM”).** SCM, our network security management solution, centrally manages network security across all remote workers, branches, headquarters, campuses, and cloud. This comprehensive solution includes Strata Copilot, which offers a natural language interface for enhanced insights and guided remediation, and integrates Autonomous Digital Experience Monitoring (“ADEM”) to proactively maintain infrastructure health, facilitate AI-driven one-click troubleshooting, and ensure seamless end-user performance across the enterprise.

Security Operations

Our AI-powered Cortex platform transforms end-to-end security operations with unified data, AI, and automation for more secure, faster, and cost effective outcomes. We have consolidated our industry-leading Security Operations and Cloud Security capabilities on a single comprehensive platform to provide centralized visibility, proactive protection, real-time prevention, AI-driven insights, and automated remediation across enterprise and cloud.

- **Security Operations.** We deliver the next generation of security operations capabilities that unifies standalone Security Information and Event Management (“SIEM”) tools, endpoint security, security automation, cloud detection and response (“CDR”), as well as attack surface management (“ASM”) capabilities on our Cortex® platform. These include Cortex XSIAM®, for AI-powered security operations replacing traditional SIEM tools; Cortex XDR®, for the prevention, detection, and response to complex cybersecurity attacks; Cortex XSOAR®, for security orchestration, automation, and response (“SOAR”); and Cortex Xpanse®, for ASM. Additionally, Cortex XSIAM integrates with the Chronosphere Telemetry Pipeline to ingest and optimize massive data volumes, promoting cost-effective scaling of autonomous operations.
- **Cloud Security.** We deliver comprehensive security across the cloud application development lifecycle through Cortex Cloud, delivered as a scalable SaaS offering. As a comprehensive Cloud Native Application Protection Platform (“CNAPP”) combined with CDR, Cortex Cloud secures multi- and hybrid-cloud environments for applications, data, generative AI (“GenAI”) ecosystem, and the cloud native technology stack across the full development lifecycle, from code to cloud to security operations. As part of the Cortex Cloud platform, customers can expand from Cortex Cloud to our security operations offerings available on a single user experience and unified agent. We also offer our VM-Series and CN-Series virtual firewalls for inline network security on multi- and hybrid-cloud environments.

Observability

Chronosphere, our next-generation observability platform, delivers real-time visibility and monitoring across cloud-native infrastructure, applications, and AI workloads. Purpose-built to handle the massive data volumes of the AI era, Chronosphere enables organizations to maintain system resilience and uptime with high cost-efficiency and reliability.

- *Chronosphere Platform.* Our observability platform provides comprehensive visibility into complex digital environments and automated troubleshooting of issues. It allows customers to transition from passive monitoring to proactive management of their entire digital estate.
- *Chronosphere Telemetry Pipeline.* Our telemetry pipeline acts as an intelligent control layer that filters, transforms, and routes data. This helps reduce data volumes, enabling customers to cost-effectively scale their security and observability posture.

Threat Intelligence and Advisory Services

- Unit 42 brings together world-renowned expertise across threat research, incident response, and security consulting to deliver intelligence-driven, response-ready outcomes that help customers reduce cyber risk. Our elite consultants serve as trusted advisors to our customers by assessing and testing their security controls against sophisticated threats, transforming their security strategy with a threat-informed approach, and responding to security incidents on behalf of our clients. Additionally, Unit 42 offers managed detection and response (“MDR”) and managed threat hunting services.

For the second quarter of fiscal 2026 and 2025, total revenue was \$2.6 billion and \$2.3 billion, respectively, representing year-over-year growth of 15%. Our growth reflects the increased adoption of our portfolio, which consists of product, subscriptions, and support. We believe our portfolio will enable us to benefit from recurring revenues and new revenues as we continue to grow our end-customer base. As of January 31, 2026, we had end-customers in over 180 countries. Our end-customers represent a broad range of industries, including education, energy, financial services, government entities, healthcare, Internet and media, manufacturing, public sector, and telecommunications, and include almost all of the Fortune 100 companies and a majority of the Global 2000 companies. We maintain a field sales force that works closely with our channel partners in developing sales opportunities. We primarily use a two-tiered, indirect fulfillment model whereby we sell our products, subscriptions, and support to our distributors, which, in turn, sell to our resellers, which then sell to our end-customers.

Our product revenue grew to \$514 million, or 19.8% of total revenue, for the second quarter of fiscal 2026, representing year-over-year growth of 22%. Product revenue is derived from sales of hardware products, primarily our ML-Powered Next-Generation Firewall and software licenses, including SD-WAN, VM-Series, and Panorama®. Our ML-Powered Next-Generation Firewall incorporates our PAN-OS operating system, which provides a consistent set of capabilities across our entire network security product line. Our hardware products and software licenses include a broad set of built-in networking and security features and functionalities. Our products are designed for different performance requirements throughout an organization, ranging from our PA-400, which is designed for small organizations and remote or branch offices, to our top-of-the-line PA-7500, which is designed for large-scale data centers and service provider use. The same firewall functionality that is delivered in our hardware products is also available in our VM-Series virtual firewalls, which secure virtualized and cloud-based computing environments, and in our CN-Series container firewalls, which secure container environments and traffic.

Our subscription and support revenue grew to \$2.1 billion, or 80.2% of total revenue, for the second quarter of fiscal 2026, representing year-over-year growth of 13%. Our subscriptions provide our end-customers with near real-time access to the latest intrusion prevention, web security, modern malware prevention, data loss prevention, cloud security access broker and AI security capabilities across the network, endpoints, and the cloud. Our subscriptions also include security operations, which enable customers to leverage the AI-powered Cortex platform for advanced capabilities such as security information and event management, next-generation antivirus, endpoint detection and response, extended detection and response, identity threat detection and response, cloud detection and response, SOAR, ASM, and CNAPP for comprehensive cloud security. In connection with our acquisition of Chronosphere, Inc. (“Chronosphere”) in January 2026, our subscriptions also include a next-generation observability platform for cloud-native infrastructure and applications as well as telemetry pipeline management that is designed to handle vast cloud data volumes with cost-efficiency and reliability. Additionally, we offer MDR for Cortex subscriptions, powered by Unit 42’s elite expertise. When customers purchase our physical, virtual, or container firewalls, or certain cloud offerings, they typically purchase support in order to receive ongoing security updates, upgrades, bug fixes, and repairs. In addition to the subscriptions purchased with these firewalls, customers may also purchase other subscriptions on a per-user, per-endpoint, or capacity-based basis. We also offer professional services, including incident response, risk management, and digital forensic services.

We continue to invest in innovation as we evolve and further extend the capabilities of our portfolio, as we believe that innovation and timely development of and investment in new features and products are essential to meeting the needs of our end-customers and improving our competitive position. On February 11, 2026, we completed the acquisition of CyberArk Software Ltd. (“CyberArk”), forming our next-generation identity security platform. Additionally, on January 29, 2026, we completed the acquisition of Chronosphere, forming our next-generation observability platform.

We believe that the growth of our business and our short-term and long-term success are dependent upon many factors, including our ability to extend our technology leadership, grow our base of end-customers, expand deployment of our portfolio and support offerings within existing end-customers, focus on end-customer satisfaction, and address any product vulnerabilities. To manage any future growth effectively, we must continue to improve and expand our information technology and financial infrastructure, our operating and administrative systems and controls, and our ability to manage headcount, capital, and processes in an efficient manner. While these areas present significant opportunities for us, they also pose challenges and risks that we must successfully address in order to sustain the growth of our business and improve our operating results. For additional information regarding the challenges and risks we face, see the “Risk Factors” section in Part II, Item 1A of this Quarterly Report on Form 10-Q.

IMPACT OF MACROECONOMIC DEVELOPMENTS AND OTHER FACTORS ON OUR BUSINESS

Our overall performance depends in part on worldwide economic and geopolitical conditions and their impact on customer behavior. Changes in legislation or regulations and actions by regulators, including changes in enforcement and administration policies, may have an impact on our results of operations and financial condition. Significant changes in U.S. or global trade policy, including further expansion of U.S. export/imports controls and tariffs, as well as retaliatory actions by other countries, may materially and adversely affect our business. Further, economic conditions, including inflation, high interest rates, slow growth, fluctuations in foreign exchange rates, supply chain disruptions, such as a memory or other component shortage, impacts of trade regulations or international trade disputes, and other conditions, may adversely affect our results of operations and financial performance.

The hostilities in Israel and the surrounding region have continued to result in economic and political uncertainty. While we have business operations in Israel, and intend to continue growing our presence in Israel, we currently do not expect significant business disruption. We are actively monitoring, evaluating, and responding to the situation.

We are also monitoring the impact of inflationary pressures and the tensions between China and Taiwan, and between the U.S. and China, which could have an adverse impact on our business or results of operations in future periods.

Key Financial Metrics

We monitor the key financial metrics set forth in the tables below to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. We discuss revenue, gross margin, and the components of operating income and margin below under “Results of Operations.”

	January 31, 2026		July 31, 2025	
	(in billions)			
Next-Generation Security Annualized Recurring Revenue	\$	6.3	\$	5.6
Remaining performance obligations	\$	16.0	\$	15.8

	Three Months Ended January 31,		Six Months Ended January 31,					
	2026	2025	2026	2025				
	(dollars in millions)							
Total revenue	\$	2,594	\$	2,257	\$	5,068	\$	4,396
Total revenue year-over-year percentage increase		15%		14%		15%		14%
Gross margin		73.6%		73.5%		73.9%		73.8%
Operating income	\$	397	\$	241	\$	706	\$	527
Operating margin		15.3%		10.6%		13.9%		12.0%
Cash flow provided by operating activities					\$	2,325	\$	2,067
Free cash flow (non-GAAP)					\$	2,071	\$	1,975

- **Next-Generation Security Annualized Recurring Revenue (“NGS ARR”).** Our NGS ARR represents the annualized allocated revenue of all active contracts as of the final day of the reporting period related to all product, subscription and support offerings, excluding revenue from hardware products, and legacy attached subscriptions, support offerings and professional services. NGS ARR is an operating metric that we use to assess the strength and trajectory of our business. NGS ARR should be viewed independently of revenue, deferred revenue and remaining performance obligations and does not represent our revenue under U.S. GAAP on an annualized basis, as it is an operating metric that can be impacted by contract start and end dates and renewal rates. NGS ARR is not intended to be a replacement for forecasts of revenue. The scope of products, subscriptions, and support offerings that contribute to NGS ARR will generally increase over time as we introduce or acquire new next-generation products, subscriptions, and support offerings.
- **Cash Flow Provided by Operating Activities.** We monitor cash flow provided by operating activities as a measure of our overall business performance. Our cash flow provided by operating activities is driven in large part by sales of our products and from up-front payments for subscription and support offerings. Monitoring cash flow provided by operating activities enables us to analyze our financial performance without the non-cash effects of certain items such as share-based compensation costs, depreciation, and amortization, thereby allowing us to better understand and manage the cash needs of our business.
- **Free Cash Flow (non-GAAP).** We define free cash flow, a non-GAAP financial measure, as cash provided by operating activities less purchases of property, equipment, and other assets. We consider free cash flow to be an operating metric as well as a profitability and liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after necessary capital expenditures. A limitation of the utility of free cash flow as a measure of our financial performance and liquidity is that it does not represent the total increase or decrease in our cash balance for the period. In addition, it is important to note that other companies, including companies in our industry, may not use free cash flow, may calculate free cash flow in a different manner than we do, or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of free cash flow as a comparative measure. A reconciliation of free cash flow to cash flow provided by operating activities, the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, is provided below:

	Six Months Ended January 31,	
	2026	2025
	(in millions)	
Free cash flow (non-GAAP):		
Net cash provided by operating activities	\$ 2,325	\$ 2,067
Less: purchases of property, equipment, and other assets	254	92
Free cash flow (non-GAAP)	\$ 2,071	\$ 1,975
Net cash used in investing activities	\$ (332)	\$ (925)
Net cash used in financing activities	\$ (106)	\$ (452)

Results of Operations

The following table summarizes our results of operations for the periods presented and as a percentage of our total revenue for those periods based on our condensed consolidated statements of operations data. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026		2025		2026		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
(dollars in millions)								
Revenue:								
Product	\$ 514	19.8 %	\$ 421	18.7 %	\$ 948	18.7 %	\$ 775	17.6 %
Subscription and support	2,080	80.2 %	1,836	81.3 %	4,120	81.3 %	3,621	82.4 %
Total revenue	2,594	100.0 %	2,257	100.0 %	5,068	100.0 %	4,396	100.0 %
Cost of revenue:								
Product	115	4.4 %	101	4.5 %	204	4.0 %	176	4.0 %
Subscription and support	570	22.0 %	498	22.0 %	1,119	22.1 %	977	22.2 %
Total cost of revenue ⁽¹⁾	685	26.4 %	599	26.5 %	1,323	26.1 %	1,153	26.2 %
Total gross profit	1,909	73.6 %	1,658	73.5 %	3,745	73.9 %	3,243	73.8 %
Operating expenses:								
Research and development	511	19.7 %	505	22.4 %	1,039	20.5 %	986	22.4 %
Sales and marketing	823	31.7 %	758	33.7 %	1,643	32.5 %	1,478	33.7 %
General and administrative	178	6.9 %	154	6.8 %	357	7.0 %	252	5.7 %
Total operating expenses ⁽¹⁾	1,512	58.3 %	1,417	62.9 %	3,039	60.0 %	2,716	61.8 %
Operating income	397	15.3 %	241	10.6 %	706	13.9 %	527	12.0 %
Interest expense	—	— %	(1)	— %	—	— %	(2)	— %
Other income, net	152	5.9 %	85	3.8 %	255	5.1 %	168	3.8 %
Income before income taxes	549	21.2 %	325	14.4 %	961	19.0 %	693	15.8 %
Provision for income taxes	117	4.5 %	58	2.6 %	195	3.9 %	75	1.7 %
Net income	\$ 432	16.7 %	\$ 267	11.8 %	\$ 766	15.1 %	\$ 618	14.1 %

⁽¹⁾ Includes share-based compensation as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2026	2025	2026	2025
	(in millions)			
Cost of product revenue	\$ 1	\$ 2	\$ 2	\$ 3
Cost of subscription and support revenue	32	32	64	63
Research and development	116	139	271	277
Sales and marketing	98	90	200	166
General and administrative	54	57	134	106
Total share-based compensation	\$ 301	\$ 320	\$ 671	\$ 615

REVENUE

Our revenue consists of product revenue and subscription and support revenue. Revenue is recognized upon transfer of control of the corresponding promised products and subscriptions and support to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those products and subscriptions and support. We expect our revenue to vary from quarter to quarter based on seasonal and cyclical factors.

PRODUCT REVENUE

Product revenue is derived from sales of hardware products, primarily our ML-Powered Next-Generation Firewall, and software licenses, including SD-WAN, VM-Series, and Panorama. Our hardware products and software licenses include a broad set of built-in networking and security features and functionalities. We recognize product revenue at the time of hardware shipment or delivery of software license. As a percentage of product revenue, we expect our revenue from software licenses to vary from quarter to quarter and increase over the long term as we improve features and capabilities of our on-premise software, renew our software license contracts, and expand our installed end-customer base.

	Three Months Ended January 31,				Six Months Ended January 31,							
	2026		2025		Change		2026		2025		Change	
	Amount	Amount	Amount	%	Amount	Amount	Amount	Amount	Amount	Amount	Amount	%
(dollars in millions)												
Product	\$ 514	\$ 421	\$ 93	22 %	\$ 948	\$ 775	\$ 173					22 %

Product revenue increased for the three and six months ended January 31, 2026 compared to the same periods in 2025, driven by increased revenue from software licenses and increased demand for our new generation of hardware products.

SUBSCRIPTION AND SUPPORT REVENUE

Subscription and support revenue is derived primarily from sales of our subscription and support offerings. Our subscription and support contracts are typically one to five years. We recognize revenue from subscriptions and support over time as the services are performed. As a percentage of total revenue, we expect our subscription and support revenue to vary from quarter to quarter and increase over the long term as we introduce new subscriptions, renew existing subscription and support contracts, and expand our installed end-customer base.

	Three Months Ended January 31,				Six Months Ended January 31,							
	2026		2025		Change		2026		2025		Change	
	Amount	Amount	Amount	%	Amount	Amount	Amount	Amount	Amount	Amount	Amount	%
(dollars in millions)												
Subscription	\$ 1,404	\$ 1,233	\$ 171	14 %	\$ 2,768	\$ 2,425	\$ 343					14 %
Support	676	603	73	12 %	1,352	1,196	156					13 %
Total subscription and support	\$ 2,080	\$ 1,836	\$ 244	13 %	\$ 4,120	\$ 3,621	\$ 499					14 %

Subscription and support revenue increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 due to increased demand for our subscription and support offerings from our end-customers. The mix between subscription revenue and support revenue will fluctuate over time, depending on the introduction of new subscription offerings, renewals of support services, and our ability to increase sales to new and existing end-customers.

REVENUE BY GEOGRAPHIC THEATER

	Three Months Ended January 31,				Six Months Ended January 31,							
	2026		2025		Change		2026		2025		Change	
	Amount	Amount	Amount	Amount	Amount	%	Amount	Amount	Amount	Amount	Amount	%
(dollars in millions)												
Americas	\$ 1,712	\$ 1,502	\$ 210	14 %	\$ 3,353	\$ 2,944	\$ 409	14 %				
Europe, the Middle East, and Africa ("EMEA")	560	480	80	17 %	1,081	922	159	17 %				
Asia Pacific and Japan ("APAC")	322	275	47	17 %	634	530	104	20 %				
Total revenue	\$ 2,594	\$ 2,257	\$ 337	15 %	\$ 5,068	\$ 4,396	\$ 672	15 %				

Revenue from the Americas, EMEA, and APAC increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 as we continued to increase investment in our global sales force in order to support our growth and innovation, with the Americas contributing the highest increase in revenue due to its larger scale.

COST OF REVENUE

Our cost of revenue consists of cost of product revenue and cost of subscription and support revenue.

COST OF PRODUCT REVENUE

Cost of product revenue primarily includes costs paid to our manufacturing partners for procuring components and manufacturing our products. Our cost of product revenue also includes personnel costs, which consist of salaries, benefits, bonuses, share-based compensation, and travel associated with our operations organization, inventory excess and obsolete charges, shipping and tariff costs, amortization of intellectual property licenses, product testing costs, and shared costs. Shared costs consist of certain facilities, depreciation, benefits, recruiting, and information technology costs that we allocate based on headcount. We expect our cost of product revenue to fluctuate with our revenue from hardware products.

	Three Months Ended January 31,				Six Months Ended January 31,							
	2026		2025		Change		2026		2025		Change	
	Amount	Amount	Amount	Amount	Amount	%	Amount	Amount	Amount	Amount	Amount	%
(dollars in millions)												
Cost of product revenue	\$ 115	\$ 101	\$ 14	14 %	\$ 204	\$ 176	\$ 28	16 %				

Cost of product revenue increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 primarily due to increased demand for our hardware products and higher tariff costs, partially offset by a decrease in inventory excess and obsolete charges.

COST OF SUBSCRIPTION AND SUPPORT REVENUE

Cost of subscription and support revenue includes personnel costs for our global customer support and technical operations organizations, data center and cloud hosting service costs, third-party professional services costs, amortization of acquired intangible assets and capitalized software development costs, customer support and repair costs, and shared costs. We expect our cost of subscription and support revenue to increase as our installed end-customer base grows and adoption of our cloud-based subscription offerings increases.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026		2025		2026		2025	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
	(dollars in millions)							
Cost of subscription and support revenue	\$ 570	\$ 498	\$ 72	14 %	\$ 1,119	\$ 977	\$ 142	15 %

Cost of subscription and support revenue increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 primarily due to increased costs to support the growth of our subscription and support offerings. Cloud hosting service costs, which support our cloud-based subscription offerings, increased \$48 million and \$97 million for the three and six months ended January 31, 2026, respectively, compared to the same periods in 2025. Personnel costs grew \$11 million and \$25 million for the three and six months ended January 31, 2026, respectively, compared to the same periods in 2025, primarily due to headcount growth.

GROSS MARGIN

Gross margin has been and will continue to be affected by a variety of factors, including the introduction of new products, manufacturing costs, the average sales price of our products, cloud hosting service costs, personnel costs, the mix of products sold, and the mix of revenue between product and subscription and support offerings. Our higher-end firewall products generally have higher gross margins than our lower-end firewall products within each product series. We expect our gross margins to vary over time depending on the factors described above.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026		2025		2026		2025	
	Amount	Gross Margin	Amount	Gross Margin	Amount	Gross Margin	Amount	Gross Margin
	(dollars in millions)							
Product	\$ 399	77.6 %	\$ 320	76.0 %	\$ 744	78.5 %	\$ 599	77.3 %
Subscription and support	1,510	72.6 %	1,338	72.9 %	3,001	72.8 %	2,644	73.0 %
Total gross profit	\$ 1,909	73.6 %	\$ 1,658	73.5 %	\$ 3,745	73.9 %	\$ 3,243	73.8 %

Product gross margin increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 primarily due to continued shift in our product revenue mix toward software, and a decrease in inventory excess and obsolete charges, partially offset by a decrease in gross margin on our hardware products.

Subscription and support gross margin were flat for the three and six months ended January 31, 2026 compared to the same periods in 2025.

OPERATING EXPENSES

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, share-based compensation, travel and entertainment, and with regard to sales and marketing expense, sales commissions. Our operating expenses also include shared costs, which consist of certain facilities, depreciation, benefits, recruiting, and information technology costs that we allocate based on headcount to each department. We expect operating expenses generally to increase in absolute dollars and to decrease over the long term as a percentage of revenue as we continue to scale our business. As of January 31, 2026, we expect to recognize approximately \$2.9 billion of share-based compensation expense over a weighted-average period of approximately 2.6 years, excluding additional share-based compensation expense related to any future grants of share-based awards. Share-based compensation expense is generally recognized on a straight-line basis over the requisite service periods of the awards.

RESEARCH AND DEVELOPMENT

Research and development expense consists primarily of personnel costs. Research and development expense also includes prototype-related expenses and shared costs. We expect research and development expense to increase in absolute dollars as we continue to invest in our future products and services, although our research and development expense may fluctuate as a percentage of total revenue.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026	2025	Change		2026	2025	Change	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
	(dollars in millions)							
Research and development	\$ 511	\$ 505	\$ 6	1 %	\$ 1,039	\$ 986	\$ 53	5 %

Research and development expense was relatively flat for the three months ended January 31, 2026 compared to the same period in 2025. Research and development expense increased for the six months ended January 31, 2026 compared to the same period in 2025 primarily due to increased personnel costs, which grew \$41 million for the six months ended January 31, 2026 compared to the same period in 2025, largely due to headcount growth.

SALES AND MARKETING

Sales and marketing expense consists primarily of personnel costs, including commission expense. Sales and marketing expense also includes costs for market development programs, promotional and other marketing costs, professional services, and shared costs. We continue to strategically invest in headcount and have grown our sales presence. We expect sales and marketing expense to continue to increase in absolute dollars as we increase the size of our sales and marketing organizations to grow our customer base, increase touch points with end-customers, and expand our global presence, although our sales and marketing expense may fluctuate as a percentage of total revenue.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026	2025	Change		2026	2025	Change	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
	(dollars in millions)							
Sales and marketing	\$ 823	\$ 758	\$ 65	9 %	\$ 1,643	\$ 1,478	\$ 165	11 %

Sales and marketing expense increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 primarily due to increased personnel costs, which grew \$69 million and \$154 million for the three and six months ended January 31, 2026, respectively, compared to the same periods in 2025, largely due to headcount growth.

GENERAL AND ADMINISTRATIVE

General and administrative expense consists primarily of personnel costs and shared costs for our executive, finance, human resources, information technology, and legal organizations, and professional services costs, which consist primarily of legal, auditing, accounting, and other consulting costs. General and administrative expense also includes change in fair value of contingent consideration liability. We expect general and administrative expense to increase in absolute dollars over time as we increase the size of our general and administrative organizations and incur additional costs to support our business growth, although our general and administrative expense may fluctuate as a percentage of total revenue.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026	2025	Change		2026	2025	Change	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
	(dollars in millions)							
General and administrative	\$ 178	\$ 154	\$ 24	16 %	\$ 357	\$ 252	\$ 105	42 %

General and administrative expense increased for the three months ended January 31, 2026 compared to the same period in 2025 primarily due to an increase in acquisition-related costs. General and administrative expense increased for the six months ended January 31, 2026 compared to the same period in 2025 primarily due to the partial release of litigation-related accrual of \$42 million during the six months ended January 31, 2025. The increase in general and administrative expense for the six months ended January 31, 2026 was further driven by increased personnel costs, which grew \$43 million, largely due to increased share-based compensation and headcount growth.

INTEREST EXPENSE

Interest expense consists of interest expense related to our 0.375% Convertible Senior Notes due 2025 (the "2025 Notes").

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026	2025	Change		2026	2025	Change	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
	(dollars in millions)							
Interest expense	\$ —	\$ 1	\$ (1)	(100)%	\$ —	\$ 2	\$ (2)	(100)%

Interest expense decreased for the three and six months ended January 31, 2026 compared to the same periods in 2025 due to the maturity of our 2025 Notes in June 2025. Refer to Note 9. Debt in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information on the Notes.

OTHER INCOME, NET

Other income, net includes interest income earned on our cash, cash equivalents, and investments, and gains and losses from foreign currency remeasurement and foreign currency transactions.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026	2025	Change		2026	2025	Change	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
	(dollars in millions)							
Other income, net	\$ 152	\$ 85	\$ 67	79 %	\$ 255	\$ 168	\$ 87	52 %

Other income, net increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 primarily due to higher interest income as a result of higher average cash, cash equivalents, and investment balances for the three and six months ended January 31, 2026 compared to the same periods in 2025. The increase was further driven by increased gains on sales of our investments to fund recent acquisitions.

PROVISION FOR INCOME TAXES

Provision for income taxes consists primarily of U.S. and foreign income taxes. Our effective tax rate during the three and six months ended January 31, 2026 was lower than our statutory tax rate primarily due to excess tax benefits from share-based compensation. We continue to maintain a valuation allowance for our California deferred tax assets due to the uncertainty regarding realizability of these deferred tax assets as they have not met the “more likely than not” realization criterion. We expect future research and development tax credit generation in California to exceed our ability to use the existing tax credits.

	Three Months Ended January 31,				Six Months Ended January 31,			
	2026		2025		2026		2025	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
	(dollars in millions)							
Provision for income taxes	\$ 117	\$ 58	\$ 59	102 %	\$ 195	\$ 75	\$ 120	160 %
Effective tax rate	21.3 %	17.7 %			20.3 %	10.9 %		

Our provision for income taxes for the three and six months ended January 31, 2026 was primarily due to U.S. and foreign income taxes. Our effective tax rate increased for the three and six months ended January 31, 2026 compared to the same periods in 2025 primarily due to decreased excess tax benefits from share-based compensation relative to our increased business profits. Refer to Note 13. Income Taxes in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

Liquidity and Capital Resources

	January 31, 2026		July 31, 2025	
	(in millions)			
Working capital (deficit)	\$	360	\$	(465)
Cash, cash equivalents, and investments:				
Cash and cash equivalents	\$	4,158	\$	2,269
Investments		3,740		6,190
Total cash, cash equivalents, and investments	\$	7,898	\$	8,459

As of January 31, 2026, our total cash, cash equivalents, and investments of \$7.9 billion were held for general corporate purposes. As of January 31, 2026, we had no unremitted earnings when evaluating our outside basis difference relating to our U.S. investment in foreign subsidiaries. However, there could be local withholding taxes due to various foreign countries if certain lower tier earnings are distributed. Withholding taxes that would be payable upon remittance of these lower tier earnings are not material.

DEBT

In April 2023, we entered into a credit agreement (the “Credit Agreement”) that provides for a \$400 million unsecured revolving credit facility (the “Credit Facility”), with an option to increase the amount of the Credit Facility by up to an additional \$350 million, subject to certain conditions. The interest rates and commitment fees are also subject to upward and downward adjustments based on our progress towards the achievement of certain sustainability goals. As of January 31, 2026, there were no amounts outstanding, and we were in compliance with all covenants under the Credit Agreement. Refer to Note 9. Debt in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information on the Credit Agreement.

CAPITAL RETURN

In February 2019, our board of directors authorized a \$1.0 billion share repurchase program. Our board of directors subsequently authorized additional increases to this share repurchase program, bringing the total authorization to \$4.1 billion. Repurchases will be funded from available working capital and may be made at management’s discretion from time to time. As of January 31, 2026, \$1.0 billion remained available for future share repurchases under this repurchase program. The repurchase authorization will expire on December 31, 2026, and may be suspended or discontinued at any time without prior notice. Refer to Note 11. Stockholders’ Equity in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information on this repurchase program.

CONTRACTUAL OBLIGATIONS AND OTHER MATERIAL CASH REQUIREMENTS

We have entered into various non-cancelable operating leases, primarily for our offices and data centers, with lease terms expiring through fiscal 2036. As of January 31, 2026, we have total operating lease obligations of \$459 million recorded on our condensed consolidated balance sheet.

As of January 31, 2026, our commitments to purchase products, components, cloud hosting and other services totaled \$6.9 billion. Refer to Note 10. Commitments and Contingencies in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information on these commitments.

Our acquisition of certain QRadar assets from International Business Machines Corporation (“IBM”) on August 31, 2024 included contingent consideration that requires potential future payments through the fiscal quarter ending October 2028. As of January 31, 2026, we have total contingent consideration obligation of \$369 million recorded on our condensed consolidated balance sheet. Refer to Note 3. Fair Value Measurements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information on our contingent consideration obligation.

On July 30, 2025, we entered into a definitive agreement to acquire CyberArk. Under the terms of the definitive agreement, CyberArk shareholders were entitled to receive \$45.00 in cash and 2.2005 shares of our common stock for each CyberArk share. On February 11, 2026, we completed the acquisition of CyberArk for \$2.3 billion in cash and 112 million shares of our common stock. The cash portion of the consideration was funded with our cash on hand. Refer to Part II, Item 1A “Risk Factors” and Note 7. Acquisitions in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information on the acquisition.

CASH FLOWS

The following table summarizes our cash flows for the six months ended January 31, 2026 and 2025:

	Six Months Ended January 31,	
	2026	2025
	(in millions)	
Net cash provided by operating activities	\$ 2,325	\$ 2,067
Net cash used in investing activities	(332)	(925)
Net cash used in financing activities	(106)	(452)
Net increase in cash, cash equivalents, and restricted cash	<u>\$ 1,887</u>	<u>\$ 690</u>

Cash from operations could be affected by various risks and uncertainties detailed in Part II, Item 1A “Risk Factors” in this Quarterly Report on Form 10-Q. We believe that our cash flow from operations with existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for at least the next 12 months and thereafter for the foreseeable future. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced products and subscription and support offerings, the costs to acquire or invest in complementary businesses and technologies, the costs to ensure access to adequate manufacturing capacity, the investments in our infrastructure to support the adoption of our cloud-based subscription offerings, the continuing market acceptance of our products and subscription and support offerings and macroeconomic events. In addition, from time to time, we may incur additional tax liability in connection with certain corporate structuring decisions.

We may also choose to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results, and financial condition may be adversely affected.

OPERATING ACTIVITIES

Our operating activities have consisted of net income adjusted for certain non-cash items and changes in assets and liabilities. Our largest source of cash provided by our operations is receipts from our customers. Net cash provided by operating activities can be impacted by factors such as timing of payments and collections, vendor payment terms, and timing and amount of tax payments.

Cash provided by operating activities during the six months ended January 31, 2026 was \$2.3 billion, an increase of \$258 million compared to the same period in 2025. The increase was primarily due to growth of our business as reflected by increases in collections during the six months ended January 31, 2026, partially offset by higher cash expenditure to support our business growth.

INVESTING ACTIVITIES

Our investing activities have consisted of capital expenditures, net investment purchases, sales, and maturities, and business acquisitions. We expect to continue such activities as our business grows.

Cash used in investing activities during the six months ended January 31, 2026 was \$332 million, a decrease of \$593 million compared to the same period in 2025. The decrease was primarily due to higher proceeds from sales and maturities of investments, partially offset by an increase in net cash payments for business acquisitions during the six months ended January 31, 2026.

FINANCING ACTIVITIES

Our financing activities have consisted of repayments of our convertible senior notes, proceeds from sales of shares through employee equity incentive plans, payments for tax withholding obligations of certain employees related to the net share settlement of equity awards, and payments of contingent consideration liability.

Cash used in financing activities during the six months ended January 31, 2026 was \$106 million, a decrease of \$346 million compared to the same period in 2025. The decrease was primarily due to a decrease in cash used for repayments of our 2025 Notes which did not recur during the six months ended January 31, 2026 as a result of its maturity, partially offset by payments of our contingent consideration liability during the six months ended January 31, 2026.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results could differ materially from those estimates due to risks and uncertainties, including uncertainty in the current economic environment. To the extent that there are material differences between these estimates and our actual results, our future consolidated financial statements will be affected.

We believe the critical accounting estimates discussed under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended July 31, 2025 reflect our more significant estimates, assumptions, and judgments that have the most significant impact on our condensed consolidated financial statements. There have been no significant changes to our critical accounting estimates as filed in such report.

Recent Accounting Pronouncements

Refer to “Recently Issued Accounting Pronouncements” in Note 1. Description of Business and Summary of Significant Accounting Policies in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements and our expectation of their impact, if any, on our results of operations and financial condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Except for the item below, our assessment of our exposures to market risk has not changed materially from the disclosure set forth in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended July 31, 2025.

Interest Rate Risk

The primary objectives of our investment activities are to preserve principal, provide liquidity, and maximize income without significantly increasing risk. Most of the securities we invest in are subject to interest rate risk. To minimize this risk, we maintain a diversified portfolio of cash, cash equivalents, and investments, consisting only of investment-grade securities. To assess the interest rate risk, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio. Based on investment positions as of January 31, 2026, a hypothetical 100 basis point increase in interest rates across all maturities would result in a \$81 million decline in the fair market value of the portfolio. Such losses would only be realized if we sold the investments prior to maturity. Conversely, a hypothetical 100 basis point decrease in interest rates would lead to a \$84 million increase in the fair market value of the portfolio.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. Based on our evaluation, our chief executive officer and chief financial officer concluded that, as of January 31, 2026, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal quarter ended January 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Part II

Item 1. Legal Proceedings

The information set forth under the "Litigation" subheading in Note 10. Commitments and Contingencies in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties including those described below. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks or others not specified below materialize, our business, financial condition, and operating results could be materially adversely affected, and the market price of our common stock could decline. In addition, the impacts of any worsening of the economic environment may exacerbate the risks described below, any of which could have a material impact on us.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following:

- Our operating results may be adversely affected by unfavorable economic and market conditions and the uncertain geopolitical environment.
- Our business and operations have experienced growth in recent periods, and if we do not effectively manage any future growth or are unable to improve our systems, processes, and controls, our operating results could be adversely affected.
- Our revenue growth rate in recent periods may not be indicative of our future performance, and we may not be able to maintain profitability, which could cause our business, financial condition, and operating results to suffer.
- Our operating results may vary significantly from period to period, which makes our results difficult to predict and could cause our results to fall short of expectations, and such results may not be indicative of future performance.
- Seasonality may cause fluctuations in our revenue.
- If we are unable to sell new and additional product, subscription, and support offerings to our end-customers, especially to large enterprise customers, our future revenue and operating results will be harmed.
- If we are unable to attract new customers, our future results of operations could be harmed.
- We rely on revenue from subscription and support offerings, and because we recognize revenue from subscription and support over the term of the relevant service period, downturns or upturns in sales or renewals of these subscription and support offerings are not immediately reflected in full in our operating results.
- The sales prices of our products, subscriptions, and support offerings may decrease, which may reduce our revenue and gross profits and adversely impact our financial results.
- We rely on our channel partners to sell substantially all of our products, including subscriptions and support, and if these channel partners fail to perform, our ability to sell and distribute our products and subscriptions will be limited and our operating results will be harmed.
- We are exposed to the credit and liquidity risk of our customers, and to credit exposure in weakened markets, which could result in material losses.
- A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.
- We face intense competition and we may lack sufficient financial or other resources to maintain or improve our competitive position.
- We have acquired and may in the future acquire other businesses, which could subject us to adverse claims or liabilities, require significant management attention, disrupt our business, adversely affect our operating results, may not result in the expected benefits of such acquisitions, and may dilute stockholder value.
- As a result of the CyberArk acquisition, the scope and size of our business has substantially changed, which resulted in certain incremental risks, including increased competition.

- If we do not accurately predict, prepare for, and respond promptly to rapidly evolving technological and market developments and successfully manage product and subscription introductions and transitions to meet changing end-customer needs in the enterprise security industry, our competitive position and prospects will be harmed.
- Issues in the development and deployment of AI may result in reputational harm and legal liability and could adversely affect our results of operations.
- A network or data security incident may allow unauthorized access to our network or data, harm our reputation, create additional liability, and adversely impact our financial results.
- Defects, errors, or vulnerabilities in our products, subscriptions, or support offerings, the failure of our products or subscriptions to block a virus or prevent a security breach or incident, misuse of our products, or risks of product liability claims could harm our reputation and adversely impact our operating results.
- Our ability to sell our products and subscriptions is dependent on the quality of our technical support services and those of our channel partners, and the failure to offer high-quality technical support services could have a material adverse effect on our end-customers' satisfaction with our products and subscriptions, our sales, and our operating results.
- Claims by others that we infringe their intellectual property rights could harm our business.
- Our proprietary rights may be difficult to enforce or protect, which could enable others to copy or use aspects of our products or subscriptions without compensating us.
- Our use of open source software in our products and subscriptions could negatively affect our ability to sell our products and subscriptions and subject us to possible litigation.
- We license technology from third parties, and our inability to maintain those licenses could harm our business.
- Because we depend on manufacturing partners to build and ship our hardware products, we are susceptible to manufacturing and logistics delays and pricing fluctuations that could prevent us from shipping customer orders on time, if at all, or on a cost-effective basis, which may result in the loss of sales and end-customers.
- Managing the supply of our hardware products and product components is complex. Insufficient supply and inventory would result in lost sales opportunities or delayed revenue, while excess inventory would harm our gross margins.
- Our hardware products contain key components from limited sources of supply, including outside the United States, and we are susceptible to supply shortages, supply changes, and international regulations, which, in certain cases, have disrupted or delayed our scheduled product deliveries to our end-customers, increased our costs and may result in the loss of sales and end-customers.
- If we are unable to attract, retain, and motivate our key technical, sales, and management personnel, our business could suffer.
- We generate a significant amount of revenue from sales to distributors, resellers, and end-customers outside of the United States, and we are therefore subject to a number of risks associated with international sales and operations.
- We are exposed to fluctuations in foreign currency exchange rates, which could negatively affect our financial condition and operating results.
- We face risks associated with having operations and employees located in Israel.
- We are subject to international trade regulations and governmental export and import controls that could subject us to liability or impair our ability to compete in international markets.
- We may incur increased costs to comply with privacy and data protection laws and, if we fail to comply, we could be subject to government enforcement actions, private litigation and adverse publicity.
- We may have exposure to tax liabilities that are greater than anticipated.
- If our estimates or judgments, including those relating to our critical accounting policies, are based on assumptions that change or prove to be incorrect, our operating results differ from our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.
- We are obligated to maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or our internal control may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.
- Failure to comply with governmental laws and regulations could harm our business.
- The issuance of additional stock in connection with financings, acquisitions, investments, our stock incentive plans, convertible notes, or otherwise will dilute stock held by all other stockholders.
- We may not have the ability to raise the funds necessary to settle conversions of the CyberArk Notes, repurchase the CyberArk Notes upon a fundamental change, or repay the CyberArk Notes in cash at their maturity, and our other debt may contain limitations on our ability to pay cash upon conversion or repurchase of the CyberArk Notes.
- The capped call transactions may affect the value of the CyberArk Notes and our common stock.

Risks Related to Global Economic and Geopolitical Conditions

Our operating results may be adversely affected by unfavorable economic and market conditions and the uncertain geopolitical environment.

We operate globally, and as a result, our business and revenues are impacted by global economic and geopolitical conditions. The instability in the global credit markets, inflation, changes in public policies such as domestic and international legislation or regulations, changes in enforcement and administration policies, taxes, any increases in interest rates, fluctuations in foreign currency exchange rates, or international trade agreements, international trade disputes, trade regulations, tariffs and changes in tariffs, geopolitical turmoil, and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions. Military actions or armed conflict, including the hostilities in Israel and the surrounding region, the Russia-Ukraine war and any related political or economic responses and counter-responses, and uncertainty about, or changes in, government and trade relationships, policies, and treaties could also lead to worsening economic and market conditions and geopolitical environment. In response to Russia's invasion of Ukraine, the United States, along with the European Union (the "E.U."), has imposed restrictive sanctions on Russia, Russian entities, and Russian citizens ("Sanctions on Russia"). We are subject to these governmental sanctions and export controls, which may subject us to liability if we are not in full compliance with applicable laws. Any continued or further uncertainty, weakness or deterioration in economic and market conditions or the geopolitical environment could have a material and adverse impact on our business, financial condition, and results of operations, including reductions in sales of our products and subscriptions, longer sales cycles, reductions in subscription or contract duration and value, slower adoption of new technologies, alterations in the spending patterns or priorities of current and prospective customers (including delaying purchasing decisions), increased costs for the chips and components to manufacture our products, and increased price competition.

Risks Related to Our Business

RISKS RELATED TO OUR GROWTH

Our business and operations have experienced growth in recent periods, and if we do not effectively manage any future growth or are unable to improve our systems, processes, and controls, our operating results could be adversely affected.

We have experienced growth and increased demand for our products and subscriptions over recent years. As a result, our employee headcount has increased, and we expect it to continue to grow over the next year. For example, from the end of fiscal 2025 to the end of the second quarter of fiscal 2026, our headcount increased from 16,068 to 17,027 employees. In addition, as we have grown, the number of end-customers has also increased, and we have managed more complex deployments of our products and subscriptions with larger end-customers. The growth and expansion of our business and product, subscription, and support offerings places a significant strain on our management, operational, and financial resources. To manage any future growth effectively, we must continue to improve and expand our information technology and financial infrastructure, our operating and administrative systems and controls, and our ability to manage headcount, capital, and processes in an efficient manner.

We may not be able to successfully implement, scale, or manage improvements to our systems, processes, and controls in an efficient or timely manner, which could result in material disruptions of our operations and business. In addition, our existing systems, processes, and controls may not prevent or detect all errors, omissions, or fraud. We may also experience difficulties in managing improvements to our systems, processes, and controls, or in connection with third-party software licensed to help us with such improvements. Any future growth would add complexity to our organization and require effective coordination throughout our organization. Failure to manage any future growth effectively could result in increased costs, disrupt our existing end-customer relationships, reduce demand for or limit us to smaller deployments of our products, or materially harm our business performance and operating results.

Our revenue growth rate in recent periods may not be indicative of our future performance, and we may not be able to maintain profitability, which could cause our business, financial condition, and operating results to suffer.

We have experienced revenue growth rates of 15% and 14% for the six months ended January 31, 2026 and 2025, respectively. Our revenue for any quarterly or annual period should not be relied upon as an indication of our future revenue or revenue growth for any future period. If we are unable to maintain consistent or increasing revenue or revenue growth, the market price of our common stock could be volatile, and it may be difficult for us to maintain profitability or maintain or increase cash flow on a consistent basis.

In addition, we have incurred losses in fiscal years prior to fiscal 2023. We anticipate that our operating expenses will continue to increase in the foreseeable future as we continue to grow our business. Our growth efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenues sufficiently, or at all, to offset increasing expenses. Revenue growth may slow or revenue may decline for a number of possible reasons, including slowing demand for our products or subscriptions, increasing competition, a decrease in the growth of, or a demand shift in, our overall market, or a failure to capitalize on growth opportunities. We have also entered into a substantial amount of capital commitments for operating lease obligations and other purchase commitments. Any failure to increase our revenue as we grow our business could prevent us from maintaining profitability or maintaining or increasing cash flow on a consistent basis, or satisfying our capital commitments. If we are unable to navigate these challenges as we encounter them, our business, financial condition, and operating results may suffer.

Our operating results may vary significantly from period to period, which makes our results difficult to predict and could cause our results to fall short of expectations, and such results may not be indicative of future performance.

Our operating results have fluctuated in the past, and will likely continue to fluctuate in the future, as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including those factors described in this Risk Factor section. For example, we have historically received a substantial portion of sales orders and generated a substantial portion of revenue during the last few weeks of each fiscal quarter. If expected revenue at the end of any fiscal quarter is delayed for any reason, including the failure of anticipated purchase orders to materialize (particularly for large enterprise end-customers with lengthy sales cycles), our logistics partners' inability to ship products prior to fiscal quarter-end to fulfill purchase orders received near the end of a fiscal quarter, our failure to manage inventory to meet demand, any failure of our systems related to order review and processing, or any delays in shipments based on trade compliance requirements (including new compliance requirements imposed by new or renegotiated trade agreements), our revenue could fall below our expectations and the estimates of analysts for that quarter. Due to these fluctuations, comparing our revenue, margins, or other operating results on a period-to-period basis may not be meaningful, and our past results should not be relied on as an indication of our future performance.

This variability and unpredictability could also result in our failure to meet our revenue, margin, or other operating result expectations contained in any forward-looking statements (including financial or business expectations we have provided) or those of securities analysts or investors for a particular period. If we fail to meet or exceed such expectations for these, or any other, reasons, the market price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits.

Seasonality may cause fluctuations in our revenue.

We believe there are significant seasonal factors that may cause our second and fourth fiscal quarters to record greater revenue sequentially than our first and third fiscal quarters. We believe that this seasonality results from a number of factors, including:

- end-customers with a December 31 fiscal year-end choosing to spend remaining unused portions of their discretionary budgets before their fiscal year-end, which potentially results in a positive impact on our revenue in our second fiscal quarter;
- our sales compensation plans, which are typically structured around annual quotas and commission rate accelerators, which potentially results in a positive impact on our revenue in our fourth fiscal quarter; and
- the timing of end-customer budget planning at the beginning of the calendar year, which can result in a delay in spending at the beginning of the calendar year, potentially resulting in a negative impact on our revenue in our third fiscal quarter.

As we continue to grow, seasonal or cyclical variations in our operations may become more pronounced, and our business, operating results, and financial position may be adversely affected.

RISKS RELATED TO OUR PRODUCTS AND TECHNOLOGY

If we are unable to sell new and additional product, subscription, and support offerings to our end-customers, especially to large enterprise customers, our future revenue and operating results will be harmed.

Our future success depends, in part, on our ability to expand the deployment of our portfolio with existing end-customers, especially large enterprise customers, including through our platformization strategy, and create demand for our new offerings. The rate at which our end-customers purchase additional products, subscriptions, and support depends on a number of factors, including the perceived need for additional security products, including subscription and support offerings, as well as general economic conditions. If our efforts to sell additional products and subscriptions to our end-customers are not successful, our revenues may grow more slowly than expected or decline.

Sales to large enterprise end-customers, which is part of our growth strategy, involve risks that may not be present, or that are present to a lesser extent, with sales to smaller entities, such as (a) longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end-customer that elects not to purchase our products, subscriptions, and support, and (b) increased purchasing power and leverage held by large end-customers in negotiating contractual arrangements. Deployments for large enterprise end-customers are also more complex, require greater product functionality, scalability, and a broader range of services, and are more time-consuming and resource-consuming. All of these factors add further risk to business conducted with these end-customers. Failure to realize sales from large enterprise end-customers could materially and adversely affect our business, operating results, and financial condition.

If we are unable to attract new customers, our future results of operations could be harmed.

To increase our revenue and maintain profitability, we must add new customers. To do so, we must successfully convince prospective customers of the value of adopting our solutions. We are engaging in costly marketing and sales efforts to accelerate our strategies, including platformization, and attract new customers, which may fail or may not be as successful as intended or at all. Additionally, prospective customers' decisions to purchase our solutions depend on a variety of factors, many of which are out of our control. These factors significantly impact our ability to add new customers and increase the time, resources and sophistication required to do so. For example, prospective customers may face real or perceived switching costs when switching to our solutions from legacy security vendors and products. Deployment of our solutions may require a significant commitment of resources from our customers. Any deterioration in general economic conditions, including as a result of the geopolitical environment or inflation (as well as government policies such as raising interest rates in response to inflation), have in the past caused, and may in the future cause, our current and prospective customers to delay or cut their overall security and IT operations spending. If our efforts to attract new customers are not successful, our sales may not grow as quickly as anticipated, or at all, and our business, operating results, and financial condition will be harmed.

We rely on revenue from subscription and support offerings, and because we recognize revenue from subscription and support over the term of the relevant service period, downturns or upturns in sales or renewals of these subscription and support offerings are not immediately reflected in full in our operating results.

Subscription and support revenue accounts for a significant portion of our revenue, comprising 81.3% of total revenue in the six months ended January 31, 2026 and 82.4% of total revenue in the six months ended January 31, 2025. Sales and renewals of subscription and support contracts may decline and fluctuate as a result of a number of factors, including end-customers' level of satisfaction with our products and subscriptions, the frequency and severity of subscription outages, our product uptime or latency, the prices of our products and subscriptions, and reductions in our end-customers' spending levels. Existing end-customers have no contractual obligation to, and may not, renew their subscription and support contracts after the completion of their initial contract period. Additionally, our end-customers may renew their subscription and support agreements for shorter contract lengths or on other terms that are less economically beneficial to us. If our sales of new or renewal subscription and support contracts decline, our total revenue and revenue growth rate may decline, and our business will suffer. In addition, because we recognize subscription and support revenue over the term of the relevant service period, which is typically one to five years, a decline in subscription or support contracts in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter but will negatively affect our revenue in future fiscal quarters.

The sales prices of our products, subscriptions, and support offerings may decrease, which may reduce our revenue and gross profits and adversely impact our financial results.

The sales prices for our products, subscriptions, and support offerings may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of products, subscriptions, and support offerings, anticipation of the introduction of new products, subscriptions, or support offerings, or promotional programs or pricing pressures. Furthermore, we anticipate that the sales prices and gross profits for our products could decrease over product life cycles. Declining sales prices could adversely affect our revenue, gross profits, and profitability.

We rely on our channel partners to sell substantially all of our products, including subscriptions and support, and if these channel partners fail to perform, our ability to sell and distribute our products and subscriptions will be limited and our operating results will be harmed.

Substantially all of our revenue is generated by sales through our channel partners, including distributors and resellers. For the six months ended January 31, 2026, three distributors individually represented 10% or more of our total revenue and in the aggregate represented 42% of our total revenue. As of January 31, 2026, three distributors individually represented 10% or more of our gross accounts receivable and in the aggregate represented 46% of our gross accounts receivable.

We provide our channel partners with specific training and programs to assist them in selling our products, including subscriptions and support offerings, but there can be no assurance that these steps will be utilized or effective. In addition, our channel partners may be unsuccessful in marketing, selling, and supporting our products and subscriptions. We may not be able to incentivize these channel partners to sell our products and subscriptions to end-customers and, in particular, to large enterprises. These channel partners may also have incentives to promote our competitors' products and may devote more resources to the marketing, sales, and support of competitive products. Our agreements with our channel partners may generally be terminated for any reason by either party with advance notice prior to each annual renewal date. We cannot be certain that we will retain these channel partners or that we will be able to secure additional or replacement channel partners. In addition, any new channel partner requires extensive training and may take several months or more to achieve productivity. Our channel partner sales structure could subject us to lawsuits, potential liability, and reputational harm if, for example, any of our channel partners misrepresent the functionality of our products or subscriptions to end-customers or violate laws or our corporate policies. If we fail to effectively manage our sales channels or channel partners, our ability to sell our products and subscriptions and operating results will be harmed.

We are exposed to the credit and liquidity risk of our customers, and to credit exposure in weakened markets, which could result in material losses.

Most of our sales are made on an open credit basis. Beyond our open credit arrangements, we have also experienced demands for customer financing and deferred payments due to, among other things, macro-economic conditions. Increases in deferred payments result in payments being made over time, negatively impacting our short-term cash flows, and subject us to risk of non-payment by our customers, including as a result of insolvency. We monitor customer payment capability in granting such financing arrangements, seek to limit the amounts to what we believe customers can pay and maintain reserves we believe are adequate to cover exposure for doubtful accounts to mitigate credit risks of these customers. However, there can be no assurance that these programs will be effective in reducing our credit risks. To the degree that turmoil in the credit markets makes it more difficult for some customers to obtain financing, those customers' ability to pay could be adversely impacted, which in turn could have a material adverse impact on our business, operating results, and financial condition.

Our exposure to the credit risks relating to the financing activities described above may increase if our customers are adversely affected by a global economic downturn or periods of economic uncertainty. If we are unable to adequately control these risks, our business, operating results, and financial condition could be harmed. In addition, in the past, we have experienced non-material losses due to bankruptcies among customers. If these losses increase due to global economic conditions, they could harm our business and financial condition.

A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.

Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. The substantial majority of our sales to date to government entities have been made indirectly through our channel partners. Government certification or technical requirements for products and subscriptions like ours may change, thereby restricting our ability to sell into the federal government sector until we have attained the revised certification or technical requirements. If our products and subscriptions are late in achieving or fail to achieve compliance with these certifications and standards or technical requirements, or our competitors achieve compliance with these certifications and standards or technical requirements, we may be disqualified from selling our products, subscriptions, and support offerings to such governmental entity, or be at a competitive disadvantage, which would harm our business, operating results, and financial condition. Government entity demand and payment for our products, subscriptions, and support offerings may be impacted by government shutdowns, changes in governmental administrations, public sector budgetary cycles, fiscal policies, contracting policies or requirements, funding authorizations, and efforts by a government to evaluate and reduce overall government spending and analyze and enhance its operational efficiency, with funding reductions or delays adversely affecting public sector demand for our products, subscriptions, and support offerings. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default, and any such termination may adversely impact our future operating results. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our products, subscriptions, and support offerings, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely impact our operating results in a material way. Additionally, the U.S. government may require certain of the products that it purchases to be manufactured in the United States or other relatively high-cost manufacturing locations, and we may not manufacture all products in locations that meet such requirements, affecting our ability to sell these products, subscriptions, and support offerings to the U.S. government.

We face intense competition and we may lack sufficient financial or other resources to maintain or improve our competitive position.

The industry for enterprise security products and the other spaces in which we have offerings is intensely competitive, and we expect competition to increase in the future from established competitors and new market entrants. Our main competitors fall into four categories:

- large companies that incorporate security or observability features in their products, such as Alphabet, Cisco, and Microsoft or those that have acquired, or may acquire, security vendors and have the technical and financial resources to bring competitive solutions to the market;
- independent vendors that may offer a mix of security products, such as CheckPoint, CrowdStrike, Delinea, Fortinet, Okta, SailPoint, Wiz, and Zscaler, vendors that may offer a mix of observability products, such as DataDog, Dynatrace, and Elastic, or vendors that may offer a mix of security and observability products;
- startups and point-product vendors that offer independent or emerging solutions across various areas of security; and
- public cloud vendors and startups that offer solutions for cloud security (private, public, and hybrid cloud).

Some of our competitors have or may attain greater financial, technical, marketing, sales, and other resources, greater name recognition, longer operating histories, and a larger base of customers than we do. They may be able to devote greater resources to the promotion and sale of products and services than we can, and they may offer lower pricing than we do. Further, they may have greater resources for research and development of new technologies, the provision of customer support, and the pursuit of acquisitions or other strategic investments. They may also have larger and more mature intellectual property portfolios, and broader and more diverse product and service offerings, which allow them to leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our products and subscriptions, including incorporating cybersecurity features into their existing products or services and product bundling, selling at zero or negative margins, and offering concessions or a closed technology offering. Some competitors may have broader distribution and established relationships with distribution partners and end-customers. Other competitors specialize in providing protection from a single type of security threat, which may allow them to deliver these specialized security products to the market more quickly than we can.

The maturity and expansion of the enterprise cybersecurity space may attract new players, such as enterprise software companies in related or adjacent industries. In addition, larger vendors, including the cloud hyperscalers and other cybersecurity companies with specialized or broad platforms, may meaningfully enter or further expand into additional cybersecurity categories, including the identity security category. This additional competition could adversely impact our business.

We also face competition from companies that have entrenched legacy offerings at end-user customers. End-user customers have also often invested substantial personnel and financial resources to design and operate their networks and have established deep relationships with other providers of networking and security products. As a result, these organizations may prefer to purchase from their existing suppliers rather than add or switch to a new supplier such as us. In addition, as our customers refresh the security products bought in prior years, they may seek to consolidate vendors, which may result in current customers choosing to purchase products from our competitors. Due to budget constraints or economic downturns, organizations may add solutions to their existing network security infrastructure rather than replacing it with our products and subscriptions.

Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering, acquisitions or strategic investments by our competitors, or continuing market consolidation. Our competitors and potential competitors may be able to develop new or disruptive technologies, products, or services, and leverage new business models that are equal or superior to ours, achieve greater market acceptance of their products and services, disrupt our markets, and increase sales by utilizing different distribution channels than we do. In addition, new and enhanced technologies, including AI and machine learning, continue to increase our competition. To compete successfully, we must accurately anticipate technology developments and deliver innovative, relevant, and useful products, services, and technologies in a timely manner. Some of our competitors have made or could make acquisitions of businesses that may allow them to offer more directly competitive and comprehensive solutions than they had previously offered and adapt more quickly to new technologies and end-customer needs. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources or product or service offerings.

These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer orders, reduced revenue and gross margins, and loss of market share. If we are unable to compete successfully, or if competing successfully requires us to take aggressive pricing or other actions, our business, financial condition, and results of operations would be adversely affected.

We have acquired and may in the future acquire other businesses, which could subject us to adverse claims or liabilities, require significant management attention, disrupt our business, adversely affect our operating results, may not result in the expected benefits of such acquisitions, and may dilute stockholder value.

As part of our business strategy, we acquire and make investments in complementary companies, products, or technologies. We continue to evaluate such opportunities and expect to continue to make such acquisitions and investments in the future. The identification of suitable acquisition candidates is difficult, and we may not be able to complete such acquisitions on favorable terms, if at all. In addition, we may be subject to claims or liabilities assumed from an acquired company, product, or technology; acquisitions we complete could be viewed negatively by our end-customers, investors, and securities analysts; and we may incur costs and expenses necessary to address an acquired company's failure to comply with laws and governmental rules and regulations. Additionally, we may be subject to litigation or other claims in connection with the acquired company, product, or technology, including claims from terminated employees, customers, former stockholders, or other third parties, which may differ from or be more significant than the risks our business faces.

If we are unsuccessful at integrating past or future acquisitions in a timely manner, or the technologies, products, or operations associated with such acquisitions, into our company, our revenue and operating results could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management's attention, and we may not be able to manage the integration process successfully or in a timely manner. We may have difficulty retaining key personnel or customers of the acquired business. We may not successfully evaluate or utilize any acquired technology, products, or personnel, realize anticipated synergies from an acquisition, or accurately forecast the financial impact of an acquisition transaction and integration of such acquisition, including accounting charges and any potential impairment of goodwill and intangible assets recognized in connection with such acquisitions. In particular, we believe that there are significant benefits and synergies that may be realized from our recent acquisitions of CyberArk and Chronosphere, including through leveraging our combined products, scale, and enterprise customer bases. However, the efforts to realize the anticipated benefits and synergies will be a complex process and may disrupt our existing operations if not implemented in a timely and efficient manner. The full benefits of the recent acquisitions of CyberArk and Chronosphere, including the anticipated sales or growth opportunities, may not be realized as expected or may not be achieved within the anticipated time frame, or at all.

We have recorded, and may in the future record, liability for contingent consideration obligations from acquisitions that are to be settled in cash, the fair value of which is assessed on a quarterly basis. If changes are made in our assumptions used to determine the liability's fair value or our assumptions are incorrect, adjustments could be made that may have a material impact, favorable or unfavorable, on our operating results. We may also be required to make cash payments of contingent consideration in excess of its initial fair value, or in excess of our expectations for a particular period, which could adversely impact cash flows.

We may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our common stock, and result in dilution to our stockholders. Furthermore, the sale or issuance of equity or equity-linked debt to finance any future acquisitions could result in dilution to our stockholders.

In addition, any acquisitions may be viewed negatively by our customers, financial markets, or investors and may not ultimately strengthen our competitive position or achieve our goals and business strategy. The occurrence of any of these risks could harm our business, operating results, and financial condition.

As a result of the CyberArk acquisition, the scope and size of our business has substantially changed, which resulted in certain incremental risks, including increased competition.

Our recent CyberArk acquisition has expanded the scope and size of our business by adding substantial assets and operations to our existing business. The anticipated future growth of our business may impose significant added responsibilities on our senior management, and our senior management's attention may be diverted from the management of our business and its day-to-day operations to the integration of the CyberArk acquisition. The integration process for CyberArk could create uncertainty for our and CyberArk's employees, partners, and customers and result in disruption to existing business relationships and the development of new business relationships.

Our success, including with respect to realizing the anticipated benefits and synergies from the CyberArk acquisition, will depend, in part, on our ability to manage our expansion, which poses numerous risks and uncertainties, including the need to integrate the operations and business of CyberArk into our existing business in a timely and efficient manner, to combine systems and management controls and to integrate relationships with industry contacts and business partners. In addition, we will be required to devote significant attention and resources to successfully align our and CyberArk's business practices and operations. This process may disrupt our business and, if ineffective, would limit the anticipated benefits and synergies of the acquisition.

In addition, we expect that the CyberArk acquisition will result in increased competition, including, as a result of our entry into a new product category. The identity security industry is characterized by constant innovation, evolving customer requirements, and rapid adoption of different technologies and services. These added competitive pressures could result in decreased sales, price reductions, increased operating costs, and lower revenues, margins and net income for the combined company. These impacts could also result in a delay in realizing, or our failure to realize, expected synergies or cost savings from the CyberArk acquisition.

The occurrence of any of these risks could harm our business, operating results, and financial condition.

If we do not accurately predict, prepare for, and respond promptly to rapidly evolving technological and market developments and successfully manage product and subscription introductions and transitions to meet changing end-customer needs in the enterprise security industry, our competitive position and prospects will be harmed.

The enterprise security industry has grown quickly and continues to evolve rapidly. Moreover, many of our end-customers operate in markets characterized by rapidly changing technologies and business plans, which require them to add numerous network access points and adapt increasingly complex enterprise networks, incorporating a variety of hardware, software applications, operating systems, and networking protocols. If we fail to effectively anticipate, identify, and respond to rapidly evolving technological and market developments in a timely manner, our business will be harmed.

In order to anticipate and respond effectively to rapid technological changes and market developments, as well as evolving security threats, we must invest effectively in research and development to increase the reliability, availability, and scalability of our existing products and subscriptions and introduce new products and subscriptions. Our investments in research and development, including investments in AI, may not result in design or performance improvements, marketable products, subscriptions, or features, or may not achieve the cost savings or additional revenue that we expect. In addition, new and evolving products and services, including those that use AI, require significant investment and raise ethical, technological, legal, regulatory, and other challenges, which may negatively affect our brands and demand for our products and services. Because all of these investment areas are inherently risky, no assurance can be given that such strategies and offerings will be successful or will not harm our reputation, financial condition, and operating results.

In addition, we must continually change our products and expand our business strategy in response to changes in network infrastructure requirements, including the expanding use of cloud computing. For example, organizations are moving portions of their data to be managed by third parties, primarily infrastructure, platform, and application service providers, and may rely on such providers' internal security measures. While we have historically been successful in developing, acquiring, and marketing new products and product enhancements that respond to technological change and evolving industry standards, we may not be able to continue to do so, and there can be no assurance that our new or future offerings will be successful or will achieve widespread market acceptance. If we fail to accurately predict and address end-customers' changing needs and emerging technological trends in the enterprise security industry, including in the areas of AI, mobility, virtualization, cloud computing, and software-defined networks, our business could be harmed.

The technology in our portfolio is especially complex because it needs to effectively identify and respond to new and increasingly sophisticated methods of attack, while minimizing the impact on network performance. Additionally, some of our new features and related enhancements may require us to develop new hardware architectures that involve complex, expensive, and time-consuming research and development processes. The development of our portfolio is difficult and the timetable for commercial release and availability is uncertain as there can be long time periods between releases and availability of new features. If we experience unanticipated delays in the availability of new products, features, and subscriptions, and fail to meet customer expectations for such availability, our competitive position and business prospects will be harmed.

The success of new features depends on several factors, including appropriate new product definition, differentiation of new products, subscriptions, and features from those of our competitors, and market acceptance of these products, services, and features. Moreover, successful new product introduction and transition depends on a number of factors, including our ability to manage the risks associated with new product production ramp-up issues, the availability of application software for new products, the effective management of purchase commitments and inventory, the availability of products in appropriate quantities and costs to meet anticipated demand, and the risk that new products may have quality or other defects or deficiencies, especially in the early stages of introduction. There can be no assurance that we will successfully identify opportunities for new products and subscriptions, develop and bring new products and subscriptions to market in a timely manner, achieve market acceptance of our products and subscriptions, or that products, subscriptions, and technologies developed by others will not render our products, subscriptions, and technologies obsolete or noncompetitive.

Issues in the development and deployment of AI may result in reputational harm and legal liability and could adversely affect our results of operations.

We have incorporated, and are continuing to develop and deploy, AI into many of our products and solutions, including services that support our products and solutions. We are also incorporating AI into the operations of our business. AI presents challenges and risks that could affect our products and solutions, and the operations of our business. For example, AI algorithms may have flaws, and datasets used to train models may be insufficient or contain biased information. The AI that is being incorporated into our products, solutions, and business operation tools may not be successful or beneficial, and instead may cause technical, legal or ethical problems or result in increased costs. The investments that we are making across our business in AI reflect our ongoing efforts to innovate and provide products and services that are useful to our customers, as well as provide efficiencies in our business. Such investments ultimately may not be commercially viable or may not result in an adequate return of capital and we may incur unanticipated liabilities. These efforts could subject us to regulatory risk, legal liability, including under legislation regulating AI in jurisdictions such as the E.U. and laws and regulations being considered in other jurisdictions, or brand or reputational harm.

The rapid evolution of AI, including potential government regulation of AI, requires us to invest significant resources to develop, test, and maintain AI in our products and services in a manner that meets evolving requirements and expectations. The rules and regulations adopted by policymakers over time may require us to make changes to our business practices. Developing, testing, and deploying AI systems may also increase the cost profile of our offerings due to the nature of the computing costs involved in such systems.

The intellectual property ownership and license rights surrounding AI technologies, as well as data protection laws related to the use and development of AI, are currently not fully addressed by courts or regulators. The use or adoption of AI technologies in our products may result in exposure to claims by third parties of copyright infringement or other intellectual property misappropriation, which may require us to pay compensation or license fees to third parties. The evolving legal, regulatory, and compliance framework for AI technologies may also impact our ability to protect our own data and intellectual property against infringing use.

A network or data security incident may allow unauthorized access to our network or data, harm our reputation, create additional liability, and adversely impact our financial results.

Increasingly, companies are subject to a wide variety of attacks on an ongoing basis. In addition to traditional computer “hackers,” malicious code (such as viruses and worms), phishing attempts, employee theft or misuse, and denial of service attacks, sophisticated nation-state and nation-state supported actors engage in intrusions and attacks (including advanced persistent threat intrusions and supply chain attacks), and add to the risks to our internal networks, cloud-deployed enterprise and customer-facing environments and the information they store and process. Incidences of cyberattacks and other cybersecurity breaches and incidents have increased and are likely to continue to increase. We and our third-party service providers face security threats and attacks from a variety of sources. Despite our efforts and processes to prevent breaches of our internal networks, systems, and websites, our data, corporate systems, and security measures, as well as those of our third-party service providers, are still vulnerable to computer viruses, break-ins, phishing attacks, ransomware attacks, or other types of attacks from outside parties, or breaches due to employee error, malfeasance, or some combination of these. We cannot guarantee that the measures we have taken to protect our networks, systems, and websites will provide adequate security. Furthermore, as a well-known provider of security solutions, we may be a more attractive target for such attacks. The Russia-Ukraine war and associated activities in Ukraine and Russia may increase the risk of cyberattacks on various types of infrastructure and operations, and the United States government has warned companies to be prepared for additional Russian cyberattacks in response to the Sanctions on Russia.

A security breach or incident, or an attack against our service availability suffered by us, or our third-party service providers, could impact our networks or networks secured by our products and subscriptions, creating system disruptions or slowdowns and exploiting security vulnerabilities of our products. In addition, the information stored or otherwise processed on our networks, or those of our third-party service providers, has previously been, and could in the future be, accessed, publicly disclosed, altered, lost, stolen, rendered unavailable, or otherwise used or processed without authorization, which could subject us to liability and cause us financial harm. Any actual or perceived breach of security in our systems or networks, or any other actual or perceived data security incident we or our third-party service providers suffer, could result in significant damage to our reputation, negative publicity, loss of channel partners, end-customers, and sales, loss of competitive advantages over our competitors, increased costs to remedy any problems and otherwise respond to any incident, regulatory investigations and enforcement actions, demands, costly litigation, and other liability. In addition, we may incur significant costs and operational consequences of investigating, remediating, eliminating, and putting in place additional tools, devices, and other measures designed to prevent actual or perceived security breaches and other security incidents, as well as the costs to comply with any notification obligations resulting from any security incidents. Any of these negative outcomes could adversely impact the market perception of our products and subscriptions and end-customer and investor confidence in our company and could seriously harm our business or operating results.

Defects, errors, or vulnerabilities in our products, subscriptions, or support offerings, the failure of our products or subscriptions to block a virus or prevent a security breach or incident, misuse of our products, or risks of product liability claims could harm our reputation and adversely impact our operating results.

Because our products and subscriptions are complex, they have contained and may contain design or manufacturing defects or errors that are not detected until after their commercial release and deployment by our end-customers. For example, from time to time, certain of our end-customers have reported defects in our products related to performance, scalability, and compatibility. Additionally, defects or vulnerabilities may cause our products or subscriptions to become partially or fully unavailable temporarily or permanently, to be vulnerable to security attacks, cause them to fail to help secure networks, or interrupt end-customers' networking traffic, or the availability of other information technology infrastructure or systems. For example, in November 2024, we became aware of an authentication bypass vulnerability through the management web interface of certain versions of our PAN-OS software. To remediate the matter, we published a security advisory to advise customers, provided software updates for affected PAN-OS versions, and engaged in customer outreach, support and remediation efforts for potentially impacted customers. Because the techniques used by computer hackers to access or sabotage networks change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques and provide a solution in time to protect our end-customers' networks. In addition, due to the Russia-Ukraine war, there could be a significant increase in Russian cyberattacks against our customers, resulting in an increased risk of a security breach of our end-customers' systems.

Furthermore, defects or errors in products or software, or migrations or updates to those products or software, could result in a failure to effectively update end-customers' hardware and cloud-based products or otherwise cause problems in our customers' hardware, networks or information technology infrastructure or systems. The data centers, networks, and cloud infrastructure that we use to deliver our products and services may experience technical failures and downtime or may fail to meet the increased requirements of a growing installed end-customer base, any of which could temporarily or permanently expose our end-customers' networks, leaving their networks unprotected against the latest security threats. Moreover, our products must interoperate with our end-customers' existing infrastructure, which often have varied specifications, utilize multiple protocol standards, deploy products from multiple vendors, and contain multiple generations of products that have been added over time. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. Any such technical failure, downtime or failures in general may temporarily or permanently disable our end-customers' networks, information technology infrastructure or other systems, or expose our end-customers' networks to attacks from security threats.

The occurrence of any such problem in our products and subscriptions, or migrations or updates to those products or software, whether real or perceived, could result in:

- expenditure of significant financial and product development resources in efforts to analyze, correct, eliminate, or work-around errors or defects or to address and eliminate vulnerabilities;
- loss of existing or potential end-customers or channel partners;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- an increase in warranty claims compared with our historical experience, or an increased cost of servicing warranty claims, either of which would adversely affect our gross margins; and
- litigation, regulatory inquiries, investigations, or other proceedings, each of which may be costly and harm our reputation.

Further, our products and subscriptions may be misused by end-customers or third parties that obtain access to our products and subscriptions. For example, our products and subscriptions could be used to censor private access to certain information on the Internet. Such use of our products and subscriptions for censorship could result in negative press coverage and negatively affect our reputation.

The limitation of liability provisions in our standard terms and conditions of sale may not fully or effectively protect us from claims as a result of federal, state, or local laws or ordinances, or unfavorable judicial decisions in the United States or other countries. The sale and support of our products and subscriptions also entails the risk of product liability claims. Although we may be indemnified by our third-party manufacturers for product liability claims arising out of manufacturing defects, because we control the design of our products and subscriptions, we may not be indemnified for product liability claims arising out of design defects. While we maintain insurance coverage for certain types of losses, our insurance coverage may not adequately cover any claim asserted against us, if at all. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation, divert management's time and other resources, and harm our reputation.

In addition, our classifications of application type, virus, spyware, vulnerability exploits, data, or URL categories may falsely detect, report, and act on applications, content, or threats that do not actually exist. This risk is heightened by the inclusion of a “heuristics” feature in our products and subscriptions, which attempts to identify applications and other threats not based on any known signatures but based on characteristics or anomalies which indicate that a particular item may be a threat. These false positives may impair the perceived reliability of our products and subscriptions and may therefore adversely impact market acceptance of our products and subscriptions and could result in damage to our reputation, negative publicity, loss of channel partners, end-customers and sales, increased costs to remedy any problem, and costly litigation.

Our ability to sell our products and subscriptions is dependent on the quality of our technical support services and those of our channel partners, and the failure to offer high-quality technical support services could have a material adverse effect on our end-customers’ satisfaction with our products and subscriptions, our sales, and our operating results.

After our products and subscriptions are deployed within our end-customers’ networks, our end-customers depend on our technical support services, as well as the support of our channel partners, to resolve any issues relating to our products. Many larger enterprise, service provider, and government entity end-customers have more complex networks and require higher levels of support than smaller end-customers. If our channel partners do not effectively provide support to the satisfaction of our end-customers, we may be required to provide direct support to such end-customers, which would require us to hire additional personnel and to invest in additional resources. If we are not able to hire such resources fast enough to keep up with unexpected demand, support to our end-customers will be negatively impacted, and our end-customers’ satisfaction with our products and subscriptions will be adversely affected. Additionally, to the extent that we may need to rely on our sales engineers to provide post-sales support while we are ramping up our support resources, our sales productivity will be negatively impacted, which would harm our revenues. Accordingly, our failure, or our channel partners’ failure, to provide and maintain high-quality support services could have a material adverse effect on our business, financial condition, and operating results.

RISKS RELATED TO INTELLECTUAL PROPERTY AND TECHNOLOGY LICENSING

Claims by others that we infringe their intellectual property rights could harm our business.

Companies in the enterprise security industry own large numbers of patents, copyrights, trademarks, domain names, and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. In addition, non-practicing entities also frequently bring claims of infringement of intellectual property rights. Third parties are asserting, have asserted, and may in the future assert claims of infringement of intellectual property rights against us. For example, on January 31, 2024, in the Centripetal Networks, Inc. lawsuit against us, a jury returned a verdict of non-willful infringement, and, after post-trial motions, a judgment was issued in the lawsuit on October 3, 2024 assessing a lump sum damages amount of \$114 million, plus statutory interest, which is currently on appeal. Additional examples of patent infringement cases have been disclosed in Note 10. Commitments and Contingencies in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Third parties may also assert such claims against our end-customers or channel partners, whom our standard license and other agreements obligate us to indemnify against claims that our products and subscriptions infringe the intellectual property rights of third parties. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited, that they have divulged proprietary or other confidential information, or that their former employers own their inventions or other work product. Furthermore, we may be unaware of the intellectual property rights of others that may cover some or all of our technology, products, subscriptions, and services. As we expand our footprint, both in our platforms, products, subscriptions, and services and geographically, more overlaps occur and we may face more infringement claims both in the United States and abroad.

While we have been increasing the size of our patent portfolio, our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. In addition, litigation has involved and will likely continue to involve patent-holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may therefore provide little or no deterrence or protection. In addition, we have not registered our trademarks in all of our geographic markets and failure to secure those registrations could adversely affect our ability to enforce and defend our trademark rights. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business, and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. A successful claimant could secure a judgment, or we may agree to a settlement that prevents us from distributing certain products or performing certain services or that requires us to pay substantial damages, royalties, or other fees. Any of these events could seriously harm our business, financial condition, and operating results.

Our proprietary rights may be difficult to enforce or protect, which could enable others to copy or use aspects of our products or subscriptions without compensating us.

We rely and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants, and third parties with whom we have relationships, as well as trademark, copyright, patent, and trade secret protection laws, to protect our proprietary rights. We have filed various applications for certain aspects of our intellectual property. Valid patents may not issue from our pending applications, and the claims eventually allowed on any patents may not be sufficiently broad to comprehensively protect our technology or products and subscriptions. We cannot be certain that we were the first to make the inventions claimed in our pending patent applications or that we were the first to file for patent protection, which could prevent our patent applications from issuing as patents or invalidate our patents following issuance. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Any issued patents may be challenged, invalidated or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to us. Additional uncertainty may result from changes to patent-related laws and court rulings in the United States and other jurisdictions. As a result, we may not be able to obtain adequate patent protection or effectively enforce any issued patents.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or subscriptions or obtain and use information that we regard as proprietary. We generally enter into confidentiality or license agreements with our employees, consultants, vendors, and end-customers, and generally limit access to and distribution of our proprietary information. However, we cannot be certain that we have entered into such agreements with all parties who may have or have had access to our confidential information or that the agreements we have entered into will not be breached. We cannot guarantee that any of the measures we have taken will prevent misappropriation of our technology. Because we may be an attractive target for computer hackers, we may have a greater risk of unauthorized access to, and misappropriation of, our proprietary information. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States. From time to time, we may need to take legal action to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results, and financial condition. Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us or result in a holding that invalidates or narrows the scope of our rights, in whole or in part. If we are unable to protect our proprietary rights (including aspects of our software and products protected other than by patent rights), we may find ourselves at a competitive disadvantage to others who need not incur the additional expense, time, and effort required to create the innovative products that have enabled us to be successful to date. Any of these events would have a material adverse effect on our business, financial condition, and operating results.

Our use of open source software in our products and subscriptions could negatively affect our ability to sell our products and subscriptions and subject us to possible litigation.

Our products and subscriptions contain software modules licensed to us by third-party authors under "open source" licenses. Some open source licenses contain requirements that we make available applicable source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with, or otherwise distribute or use open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar products or subscriptions with lower development effort and time and ultimately could result in a loss of product sales for us.

Although we take reasonable steps to monitor our use of open source software to avoid subjecting our products and subscriptions to conditions we do not intend, the terms of many open source licenses have not been interpreted by United States courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products and subscriptions. From time to time, there have been claims against companies that distribute or use open source software in their products and subscriptions, asserting that open source software infringes the claimants' intellectual property rights. We could be subject to suits by parties claiming infringement of intellectual property rights in what we believe to be licensed open source software. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering our products and subscriptions on terms that are not economically feasible, to reengineer our products and subscriptions, to discontinue the sale of our products and subscriptions if reengineering could not be accomplished on a timely basis, or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, operating results, and financial condition.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or assurance of title or controls on origin of the software. In addition, many of the risks associated with usage of open source software, such as the lack of warranties or assurances of title, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development organizations for the use of open source software, but we cannot be sure that our processes for controlling our use of open source software in our products and subscriptions will be effective.

We license technology from third parties, and our inability to maintain those licenses could harm our business.

We incorporate technology that we license from third parties, including software, into our products and subscriptions. We cannot be certain that our licensors are not infringing the intellectual property rights of third parties or that our licensors have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products and subscriptions. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Some of our agreements with our licensors may be terminated for convenience by them. We may also be subject to additional fees or be required to obtain new licenses if any of our licensors allege that we have not properly paid for such licenses or that we have improperly used the technologies under such licenses, and such licenses may not be available on terms acceptable to us or at all. If we are unable to continue to license any of this technology because of intellectual property infringement claims brought by third parties against our licensors or against us, or claims against us by our licensors, or if we are unable to continue our license agreements or enter into new licenses on commercially reasonable terms, our ability to develop and sell products and subscriptions containing such technology would be severely limited and our business could be harmed. Additionally, if we are unable to license necessary technology from third parties, we may be forced to acquire or develop alternative technology, which we may be unable to do in a commercially feasible manner or at all, and we may be required to use alternative technology of lower quality or performance standards. This would limit and delay our ability to offer new or competitive products and subscriptions and increase our costs of production. As a result, our margins, market share, and operating results could be significantly harmed.

RISKS RELATED TO OPERATIONS

Because we depend on manufacturing partners to build and ship our hardware products, we are susceptible to manufacturing and logistics delays and pricing fluctuations that could prevent us from shipping customer orders on time, if at all, or on a cost-effective basis, which may result in the loss of sales and end-customers.

We depend on manufacturing partners, primarily our EMS provider, Flex, to manufacture our hardware product lines. Our substantial reliance on Flex, as well as other manufacturing partners subjects us to potential concentration risks, such as reduced control over the manufacturing process, quality assurance, product costs, product supply, and timing. Our hardware products are manufactured by our manufacturing partners at facilities located primarily in the United States. Some of the components in our products are sourced either through Flex or directly by us from component suppliers outside the United States. The portion of our hardware products that are sourced outside the United States may subject us to geopolitical risks, additional logistical risks, risks associated with international trade agreements, international trade disputes, trade regulations, tariffs, or risks associated with complying with local rules and regulations in foreign countries.

Significant changes to existing international trade agreements, tariffs, or trade regulations could lead to sourcing or logistics disruption resulting from import delays or the imposition of increased tariffs on our sourcing partners. For example, the United States and Chinese governments have each enacted, and discussed additional, import tariffs. Some components that we import for final manufacturing in the United States have been impacted by these tariffs. As a result, our costs have increased and we have raised, and may be required to further raise, prices on our hardware products in response to these and potential new trade regulations.

Our manufacturing partners typically fulfill our supply requirements on the basis of individual purchase orders. We do not have long-term contracts with these manufacturers that guarantee capacity, the continuation of particular pricing terms, or the extension of credit limits. Accordingly, they are not obligated to continue to fulfill our supply requirements and the prices we pay for manufacturing services could be increased on short notice. Our contract with Flex permits them to terminate the agreement for their convenience, subject to prior notice requirements. If we are required to change manufacturing partners, our ability to meet our scheduled product deliveries to our end-customers could be adversely affected, which could cause the loss of sales to existing or potential end-customers, delayed revenue or an increase in our costs which could adversely affect our gross margins. Any production interruptions for any reason, such as a natural disaster, epidemic or pandemic, capacity shortages, or quality problems at one of our manufacturing partners would negatively affect sales of our product lines manufactured by that manufacturing partner and adversely affect our business and operating results.

Managing the supply of our hardware products and product components is complex. Insufficient supply and inventory would result in lost sales opportunities or delayed revenue, while excess inventory would harm our gross margins.

Our manufacturing partners procure components and build our hardware products based on our forecasts, and we generally do not hold inventory for a prolonged period of time. These forecasts are based on historical trends and analysis, adjusted for overall market conditions. In order to reduce manufacturing lead times and plan for adequate component supply, from time to time we may issue forecasts for components and products that are non-cancelable and non-returnable.

Our inventory management systems and related supply chain visibility tools may be inadequate to enable us to forecast accurately and effectively manage supply of our hardware products and product components. If we ultimately determine that we have excess supply, we may have to reduce our prices and write-down inventory, which in turn could result in lower gross margins. If our actual component usage and product demand are lower than the forecast we provide to our manufacturing partners, we accrue for losses on manufacturing commitments in excess of forecasted demand. Alternatively, insufficient supply levels may lead to shortages that result in delayed hardware product revenue or loss of sales opportunities altogether as potential end-customers turn to competitors' products that are readily available. If we are unable to effectively manage our supply and inventory, our operating results could be adversely affected.

Our hardware products contain key components from limited sources of supply, including outside the United States, and we are susceptible to supply shortages, supply changes, and international regulations, which, in certain cases, have disrupted or delayed our scheduled product deliveries to our end-customers, increased our costs and may result in the loss of sales and end-customers.

Our hardware products rely on key components, including integrated circuit components, which our manufacturing partners purchase on our behalf from a limited number of component suppliers, including sole source providers. The manufacturing operations of some of our component suppliers are geographically concentrated in Asia and elsewhere, which makes our supply chain vulnerable to regional disruptions, such as natural disasters, fire, political instability, civil unrest, power outages, or health risks, and international regulations, such as tariffs, sanctions and import and export controls. In the past, we experienced supply chain disruption and have incurred increased costs resulting from inflationary pressures and changes in U.S. trade policy. We are also monitoring the tensions between China and Taiwan, and between the U.S. and China, which could have an adverse impact on our business or results of operations in future periods.

Further, we do not have volume purchase contracts with any of our component suppliers, and they could cease selling to us at any time. If we are unable to obtain a sufficient quantity of these components in a timely manner for any reason, sales of our hardware products could be delayed or halted, or we could be forced to expedite shipment of such components or our hardware products at dramatically increased costs. Our component suppliers also change their selling prices frequently in response to market trends, including industry-wide increases in demand, such as the recent increased demand for memory-related components, which changes could adversely impact our business or results of operations, including by resulting in lower gross margins. Because we do not have, for the most part, volume purchase contracts with our component suppliers, we are susceptible to price fluctuations related to raw materials and components and may not be able to adjust our prices accordingly. Additionally, poor quality in any of the sole-sourced components in our products could result in lost sales or sales opportunities.

If we are unable to obtain a sufficient volume of the necessary components for our hardware products on commercially reasonable terms or the quality of the components do not meet our requirements, we could also be forced to redesign our products and qualify new components from alternate component suppliers. The resulting stoppage or delay in selling our hardware products and the expense of redesigning our hardware products would result in lost sales opportunities and damage to customer relationships, which would adversely affect our business and operating results.

If we are unable to attract, retain, and motivate our key technical, sales, and management personnel, our business could suffer.

Our future success depends, in part, on our ability to continue to attract, retain, and motivate the members of our management team and other key employees. For example, we are substantially dependent on the continued service of our engineering personnel because of the complexity of our offerings. Competition for highly skilled personnel, particularly in engineering, including in the areas of AI and machine learning, is intense, especially in the San Francisco Bay Area, where we have a substantial presence and need for such personnel. In addition, the industry in which we operate generally experiences high employee attrition. Our future performance depends on the continuing services and contributions of our senior management to execute on our business plan and to identify and pursue new opportunities and product innovations. If we are unable to hire, integrate, train, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business, financial condition, and operating results could be harmed.

Further, we believe that a critical contributor to our success and our ability to retain highly skilled personnel has been our corporate culture, which we believe fosters innovation, inclusion, teamwork, passion for end-customers, focus on execution, and the facilitation of critical knowledge transfer and knowledge sharing. As we grow and change, we may find it difficult to maintain these important aspects of our corporate culture. While we are taking steps to develop a more inclusive workforce, there is no guarantee that we will be able to do so. Any failure to preserve our culture as we grow could limit our ability to innovate and could negatively affect our ability to retain and recruit personnel, continue to perform at current levels or execute on our business strategy.

We generate a significant amount of revenue from sales to distributors, resellers, and end-customers outside of the United States, and we are therefore subject to a number of risks associated with international sales and operations.

Our ability to grow our business and our future success will depend to a significant extent on our ability to expand our operations and customer base worldwide. Many of our customers, resellers, partners, suppliers, and manufacturers operate around the world. Operating in a global marketplace, we are subject to risks associated with having an international reach and compliance and regulatory requirements. We may experience difficulties in attracting, managing, and retaining an international staff, and we may not be able to recruit and maintain successful strategic distributor relationships internationally. Business practices in the international markets that we serve may differ from those in the United States and may require us in the future to include terms other than our standard terms related to payment, warranties, or performance obligations in end-customer contracts.

Additionally, our international sales and operations are subject to a number of risks, including the following:

- political, economic, and social uncertainty around the world, health risks such as epidemics and pandemics, macroeconomic challenges, terrorist activities, the Russia-Ukraine war, tensions between China and Taiwan, the hostilities in Israel and the surrounding region, and continued hostilities in the Middle East;
- unexpected changes in, or the application of, foreign and domestic laws and regulations (including intellectual property rights protections), regulatory practices or enforcement policies, trade restrictions, international trade agreements, and foreign legal requirements, including those applicable to the importation, certification, and localization of our products, tariffs, and tax laws and treaties, including regulatory and trade policy changes adopted by the current administration, such as the Sanctions on Russia, or foreign countries in response to regulatory changes adopted by the current administration; and
- non-compliance with U.S. and foreign laws, including antitrust regulations, anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the United Kingdom (“U.K.”) Bribery Act, U.S. or foreign sanctions regimes and export or import control laws, and any trade regulations ensuring fair trade practices.

These and other factors could harm our future international revenues and, consequently, materially impact our business, operating results, and financial condition. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

We are exposed to fluctuations in foreign currency exchange rates, which could negatively affect our financial condition and operating results.

Our sales contracts are primarily denominated in U.S. dollars, and therefore, a predominant amount of our revenue is not subject to foreign currency risk. However, in the event of a strengthening of the U.S. dollar against foreign currencies in which we conduct business, the cost of our products to our end-customers outside of the United States would increase, which could adversely affect our financial condition and operating results. In addition, increased international sales in the future, including through our channel partners and other partnerships or as a result of our acquisitions, may result in increased foreign currency denominated sales, increasing our foreign currency risk.

Our operating expenses incurred outside the United States and denominated in foreign currencies are generally increasing and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with foreign currency fluctuations, our financial condition and operating results could be adversely affected.

We have entered into forward contracts in an effort to reduce our foreign currency exchange exposure related to our foreign currency denominated revenue and operating expenditures. As of January 31, 2026, the total notional amount of our outstanding foreign currency forward contracts was \$1.1 billion. For more information on our hedging transactions, refer to Note 6. Derivative Instruments in Part I, Item 1 of this Quarterly Report on Form 10-Q. The effectiveness of our existing hedging transactions and the availability and effectiveness of any hedging transactions we may decide to enter into in the future may be limited and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and operating results.

We face risks associated with having operations and employees located in Israel.

We have business operations in Israel, which meaningfully expanded as a result of the acquisition of CyberArk, and we intend to continue growing our presence in Israel. Our operations in Israel could be disrupted by political instability, civil unrest, terrorist attacks, acts of violence, acts of war, or other military actions, including the hostilities in Israel and the surrounding region. The future of peace efforts between Israel and its Arab neighbors remains uncertain. The effects of hostilities and violence on the Israeli economy and our operations in Israel are unclear, and we cannot predict the effect on us of further increases in these hostilities or future armed conflict, political instability, or violence in the region. Current or future tensions and conflicts in the Middle East could adversely affect our business, operating results, financial condition, and cash flows.

In addition, many of our employees in Israel are obligated to perform annual reserve duty in the Israeli military and are subject to being called for active duty under emergency circumstances, which has occurred as a result of hostilities in Israel and the surrounding region. We cannot predict the full impact of these conditions on us in the future, particularly if emergency circumstances or an escalation in the political situation or hostilities occurs. If many of our employees in Israel are called for active duty for a significant period of time, our operations and our business could be disrupted and may not be able to function at full capacity. Any disruption in our operations in Israel could adversely affect our business.

We are subject to international trade regulations and governmental export and import controls that could subject us to liability or impair our ability to compete in international markets.

Because we incorporate encryption technology into our products, certain of our products are subject to U.S. export controls and may be exported outside the United States only with the required export license or through an export license exception. If we were to fail to comply with U.S. export licensing requirements, U.S. customs regulations, U.S. economic sanctions, or other laws or regulations, we could be subject to substantial civil and criminal penalties, including fines, incarceration for responsible employees and managers, and the possible loss of export or import privileges. Obtaining the necessary export license for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products to U.S. embargoed or sanctioned countries, governments, and persons. Even though we take precautions to ensure that our channel partners comply with all relevant regulations, any failure by our channel partners to comply with such regulations could have negative consequences for us, including reputational harm, government investigations, and penalties.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our end-customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products into international markets, prevent our end-customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, such as the Sanctions on Russia, or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technologies targeted by such regulations could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential end-customers with international operations. Any decreased use of our products or limitation on our ability to export to or sell our products in international markets would likely adversely affect our business, financial condition, and operating results.

International trade laws and regulations continuously evolve to address technological developments and changes in geopolitical conditions. New regulations or other governmental restrictions that may result from these circumstances could inhibit our ability to transact with foreign suppliers, customers, or other business partners. Monitoring and responding to these developments may require significant resources, and failure to comply with resulting regulations and restrictions may have an adverse impact on our business or results of operation.

RISKS RELATED TO PRIVACY AND DATA PROTECTION

We may incur increased costs to comply with privacy and data protection laws and, if we fail to comply, we could be subject to government enforcement actions, private litigation and adverse publicity.

A wide variety of laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data in jurisdictions where we and our customers operate. Compliance with these laws and regulations is difficult and costly. These laws and regulations are also subject to frequent, inconsistent and unexpected changes; new, modified or additional laws or regulations may be adopted; and rulings that invalidate prior laws, regulations, or interpretations of such laws or regulations may be issued. For example, we are subject to the E.U. General Data Protection Regulation ("E.U. GDPR") and the U.K. General Data Protection Regulation ("U.K. GDPR," and collectively the "GDPR"), each of which imposes stringent data protection requirements, provides for costly penalties for noncompliance (up to the greater of (a) €20 million under the E.U. GDPR or £17.5 million under the U.K. GDPR, and (b) 4% of annual worldwide turnover), and confers the right upon data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations.

The GDPR imposes restrictions, among other things, on the transfer of personal data outside of the European Economic Area (“EEA”) (or, in the case of the U.K. GDPR, the U.K.) to non-EEA countries, such as the United States, unless adequate safeguards are implemented or a derogation applies. In practice, we rely on standard contractual clauses approved under the GDPR to carry out such transfers and to receive personal data subject to the GDPR (directly or indirectly) in the United States. In addition, with respect to the personal data that we process on behalf of our customers, we self-certified to the E.U.-U.S. Data Privacy Framework (“E.U.-U.S. DPF”), the UK Extension to the E.U.-U.S. DPF, and the Swiss-U.S. Data Privacy Framework (collectively, the “DPF”), as set forth by the U.S. Department of Commerce, regarding transfers of certain personal data from the E.U., the U.K., and Switzerland to the United States. The DPF has been recognized as adequate under applicable law to allow transfers of personal data from the E.U., U.K., and Switzerland, as the case may be, to companies in the U.S. that have self-certified to the framework. However, the DPF may be subject to legal challenges, which could invalidate its use, disrupt our ability to rely on such data transfer mechanisms, and otherwise cause the legal requirements for such data transfers to be uncertain.

In addition, the U.K. government enacted the U.K. Data (Use and Access) Act 2025 on June 19, 2025, which includes changes to the U.K.’s data protection regime that cause it to deviate from the GDPR. This creates new compliance challenges and uncertainty, including with respect to the European Commission’s adequacy determination for the U.K.’s data protection regime.

Among other effects of these developments, we may experience additional costs associated with increased compliance burdens, reduced demand for our offerings from current or prospective customers in the EEA, Switzerland, and the U.K. (collectively, “Europe”) to use our products, on account of the risks identified in the Schrems II decision or other developments relating to cross-border data transfers, and we may find it necessary or desirable to make further changes to our processing of personal data of European residents. The regulatory environment applicable to the handling of European residents’ personal data and cross-border data transfers, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs. Moreover, much like with Schrems II, we anticipate future legal challenges to the approved data transfer mechanisms between Europe and the United States, including a challenge to the E.U.-U.S. DPF. Such legal challenges could result in additional legal and regulatory risk, compliance costs, and in our business, operating results, and financial condition being harmed.

We are also subject to the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the “CCPA”). The CCPA requires, among other things, covered businesses to provide enhanced disclosures to California consumers and to afford such consumers certain rights regarding their personal data, including the right to opt out of data sales for targeted advertising, and creates a private right of action to individuals affected by a data breach, if the breach was caused by a lack of reasonable security. The effects of the CCPA have been significant, requiring us to modify our data processing practices and policies and to incur substantial costs and expenses for compliance. Moreover, other U.S. states have enacted laws relating to privacy and security that are potentially relevant to us. These include laws enacted in at least 20 U.S. states, a portion of which are expected to come into effect over the course of our fiscal 2026. The U.S. Department of Justice also has issued rules regarding access to, or transfer of, certain bulk sensitive personal data by countries of concern. Increasingly complex federal or state laws and regulations relating to privacy and security, and interpretations and enforcement of existing laws and regulations relating to these matters, may require us to modify our data practices and policies, incur substantial compliance costs and expenses, and add further complexity to our compliance efforts that could adversely affect our business or increase our potential liability if we fail to comply or are alleged to have done so.

In addition, we are subject to federal privacy and security standards regarding the protection of individually identifiable health information under the Health Insurance Portability and Accountability Act as amended by the Health Information Technology for Economic and Clinical Health Act (“HIPAA”) and these carry significant enforcement penalties for non-compliance. Failure to comply with HIPAA can result in an injunction, regulatory action, civil monetary penalties, or in certain circumstances, criminal penalties with fines and/or imprisonment. We operate as a HIPAA business associate for certain of our customers and, therefore, must comply with applicable administrative, technical, and physical safeguards required by HIPAA. If we are unable to comply with our obligations as a HIPAA business associate, in addition to potential regulatory enforcement actions, we also could face contractual liability under applicable business associate agreements.

We may also from time to time be subject to obligations relating to personal data by contract, or face assertions that we are subject to self-regulatory obligations or industry standards. Additionally, the Federal Trade Commission and many state attorneys general are more regularly bringing enforcement actions in connection with federal and state consumer protection laws for false or deceptive acts or practices in relation to the online collection, use, dissemination, and security of personal data. Internationally, data localization laws may mandate that personal data collected in a foreign country be processed and stored within that country.

We and our customers may face risk of enforcement actions by regulators or data protection authorities, private litigation and adverse publicity including reputational damage and loss of customer confidence for alleged violations of any of the foregoing obligations. Any such claims could result in substantial costs, ongoing remedial, audit and reporting obligations, and diversion of resources, and distract management and technical personnel. These potential liabilities and enforcement actions could also have an overall negative effect on our business, operating results, and financial condition. The amount and scope of insurance we maintain may not cover all types of claims that may arise.

New legislation affecting the scope of personal data and personal information where we or our customers and partners have operations, especially relating to classification of Internet Protocol (“IP”) addresses, machine identification, AI and machine learning, location data, and other information, may limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing or uses of data, and may require significant expenditures and efforts in order to comply. Notably, public perception of potential privacy, data protection, or information security concerns—whether or not valid—may harm our reputation and inhibit adoption of our products and subscriptions by current and future end-customers. Each of these laws and regulations, and any changes to these laws and regulations, or new laws and regulations, could impose significant limitations, or require changes to our business model or practices or growth strategy, which may increase our compliance expenses and make our business more costly or less efficient to conduct.

Tax, Accounting, Compliance, and Regulatory Risks

We may have exposure to tax liabilities that are greater than anticipated.

Our income tax obligations are based in part on our corporate structure and intercompany arrangements, including the manner in which we develop, value, and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our business, including the laws of the United States and various other jurisdictions, are subject to interpretation and certain jurisdictions may aggressively interpret their laws, regulations, and policies, including in an effort to raise additional tax revenue. The tax authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed or acquired technology or determining the proper charges for intercompany arrangements, which could increase our worldwide effective tax rate, harm our financial position and operating results, and have a negative effect on our cash flow. Some tax authorities of jurisdictions other than the United States may seek to assert extraterritorial taxing rights on our transactions or operations. It is possible that domestic or international tax authorities may subject us to tax examinations, or audits, and such tax authorities may disagree with certain positions we have taken, and any adverse outcome of such an examination, review or audit could result in additional tax liabilities and penalties and otherwise have a negative effect on our financial position, operating results, and cash flow. Further, the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded on our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made.

In addition, our future income tax obligations and effective tax rates could be adversely affected by changes in, or interpretations of, tax laws, regulations, policies, or decisions in the United States or in the other jurisdictions in which we operate including as a result of the U.S. federal tax legislation commonly referred to as the One Big Beautiful Bill Act, which was signed into law on July 4, 2025.

If our estimates or judgments, including those relating to our critical accounting policies, are based on assumptions that change or prove to be incorrect, our operating results differ from our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported on our condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. For more information relating to critical accounting policies, refer to the section entitled “Critical Accounting Estimates” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 of this Quarterly Report on Form 10-Q. In general, if our estimates, judgments or assumptions relating to our critical accounting policies change or if actual circumstances differ from our estimates, judgments or assumptions, our operating results may be adversely affected and could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

We are obligated to maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or our internal control may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

If we are unable to assert that our internal controls are effective, our independent registered public accounting firm may not be able to formally attest to the effectiveness of our internal control over financial reporting. If, in the future, our chief executive officer, chief financial officer, or independent registered public accounting firm determines that our internal control over financial reporting is not effective as defined under Section 404, we could be subject to one or more investigations or enforcement actions by state or federal regulatory agencies, stockholder lawsuits, or other adverse actions requiring us to incur defense costs, pay fines, settlements, or judgments, causing investor perceptions to be adversely affected and potentially resulting in a decline in the market price of our stock.

Our reputation and/or business could be negatively impacted by corporate responsibility matters and/or our reporting of such matters.

There is an increasing focus from regulators, certain investors, and other stakeholders concerning corporate responsibility matters, both in the United States and internationally. We communicate certain corporate responsibility-related initiatives, goals, and/or commitments regarding sustainability matters, inclusion, responsible sourcing and social investments, and other matters in our annual Corporate Responsibility Report, on our website, in our filings with the SEC, and elsewhere. These initiatives, goals, or commitments could be difficult to achieve and costly to implement. We could fail to achieve, or be perceived to fail to achieve, our corporate responsibility-related initiatives, goals, or commitments. In addition, we could be criticized for the timing, scope or nature of these initiatives, goals, or commitments, or for any revisions to them. To the extent that our required and voluntary disclosures about corporate responsibility matters increase, we could be criticized for the accuracy, adequacy, or completeness of such disclosures. Our actual or perceived failure to achieve our corporate responsibility-related initiatives, goals, or commitments could negatively impact our reputation, result in corporate responsibility-focused investors not purchasing and holding our stock, or otherwise materially harm our business.

In addition, we are or may become subject to various new and proposed sustainability-related laws and regulations, including, for example, the E.U.'s Corporate Sustainability Reporting Directive. Additional regulation may require us to incur significant additional costs associated with increased compliance burdens, including the implementation of additional internal controls processes and procedures, and impose increased oversight obligations on our management and board of directors, as well as require us to retain third-party experts. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, enforcement actions, fines or litigation, which could negatively impact our business, operating results or financial condition.

Failure to comply with governmental laws and regulations could harm our business.

Our business is subject to regulation by various federal, state, local, and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, privacy, data security, and data-protection laws, anti-bribery laws (including the U.S. Foreign Corrupt Practices Act and the U.K. Anti-Bribery Act), import/export controls, federal securities laws, and tax laws and regulations. These laws and regulations may also impact our innovation and business drivers in developing new and emerging technologies (e.g., AI and machine learning). In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation resulting from any alleged noncompliance, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions, litigation, and sanctions could harm our business, operating results, and financial condition.

Risks Related to Our Common Stock and CyberArk's Convertible Notes

The market price of our common stock historically has been volatile, and the value of an investment in our common stock could decline.

The market price of our common stock has historically been, and is likely to continue to be, volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and unrelated to our business, operating results, or financial condition. These fluctuations could cause a loss of all or part of an investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include, but are not limited to:

- announcements of new products, subscriptions or technologies, commercial relationships, strategic partnerships, acquisitions, or other events by us or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- news announcements that affect investor perception of our industry, including reports related to the discovery of significant cyberattacks;
- significant volatility in the market price and trading volume of technology companies in general and of companies in our industry;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- whether our operating results meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of securities analysts or investors, whether as a result of our forward-looking statements, our failure to meet such expectations or otherwise;

- inaccurate or unfavorable research reports about our business and industry published by securities analysts or reduced coverage of our company by securities analysts;
- litigation involving us, our industry, or both;
- actions instituted by activist shareholders or others;
- regulatory developments in the United States, foreign countries, or both;
- major catastrophic events;
- sales or repurchases of large blocks of our common stock or substantial future sales by our directors, executive officers, employees, and significant stockholders;
- issuances or sales of shares of our common stock, including as part of a capital-raising transaction or as consideration in or in connection with acquisitions;
- issuances or sales of debt or securities convertible into or exchangeable for shares of our common stock, including in connection with acquisitions;
- departures of key personnel; or
- geopolitical or economic uncertainty around the world.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Securities litigation could result in substantial costs, divert our management's attention and resources from our business, and have a material adverse effect on our business, operating results, and financial condition.

The issuance of additional stock in connection with financings, acquisitions, investments, our stock incentive plans, convertible notes, or otherwise will dilute stock held by all other stockholders.

Our restated certificate of incorporation authorizes us to issue up to 2.0 billion shares of common stock and up to 100 million shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue shares of common stock or securities convertible into or exchangeable for shares of our common stock from time to time in connection with a financing or other capital raising, acquisition, investment, our stock incentive plans, the settlement of CyberArk's \$1.25 billion aggregate principal amount of 0.00% Convertible Senior Notes due 2030 (the "CyberArk Notes"), or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance shareholder value, and share repurchases could affect the price of our common stock.

As of January 31, 2026, we had \$1.0 billion available under our share repurchase program which will expire on December 31, 2026 and may be suspended or discontinued at any time without prior notice. Although our board of directors has authorized a share repurchase program, we are not obligated to repurchase any specific dollar amount or to acquire any specific number of shares under the program. The share repurchase program could affect the price of our common stock, increase volatility, and diminish our cash reserves. In addition, the program may be suspended or terminated at any time, which may result in a decrease in the price of our common stock.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, stockholders may only receive a return on their investments in our common stock if the market price of our common stock increases.

Our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment, which could also reduce the market price of our common stock.

Provisions in our restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change in control of our company or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that, among other things:

- establish that our board of directors is divided into three classes, Class I, Class II, and Class III, with three-year staggered terms;
- authorize our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- provide our board of directors with the exclusive right to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death, or removal of a director;
- prohibit our stockholders from taking action by written consent;
- specify that special meetings of our stockholders may be called only by the chairman of our board of directors, our president, our secretary, or a majority vote of our board of directors;

- require the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws;
- authorize our board of directors to amend our bylaws by majority vote; and
- establish advance notice procedures with which our stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for our stockholders to replace members of our board of directors, which is responsible for appointing the members of management. In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time. Any of these provisions could, under certain circumstances, depress the market price of our common stock.

We may not have the ability to raise the funds necessary to settle conversions of the CyberArk Notes, repurchase the CyberArk Notes upon a fundamental change, or repay the CyberArk Notes in cash at their maturity, and our other debt may contain limitations on our ability to pay cash upon conversion or repurchase of the CyberArk Notes.

In connection with the consummation of the CyberArk acquisition, we entered into the First Supplemental Indenture (the "Supplemental Indenture") to the Indenture, dated as of June 10, 2025 (as supplemented by the Supplemental Indenture, the "Indenture"), governing the CyberArk Notes, and in the Supplemental Indenture we agreed to guarantee the CyberArk Notes.

Accordingly, we or CyberArk will need to make cash payments (a) if holders of the CyberArk Notes require CyberArk to repurchase all, or a portion of, the CyberArk Notes upon the occurrence of a fundamental change before the maturity date, (b) upon conversion of the CyberArk Notes, or (c) to repay the CyberArk Notes in cash at their maturity, unless earlier converted or repurchased.

If our cash provided by operating activities, together with our existing cash, cash equivalents, and investments, and existing sources of financing, are inadequate to satisfy these obligations, we will need to obtain third-party financing, which may not be available to us on commercially reasonable terms or at all, to meet these payment obligations.

In addition, our ability to repurchase or to pay cash upon conversion of the CyberArk Notes may be limited by law, regulatory authority, or agreements governing our other indebtedness. Our failure to repurchase the CyberArk Notes at a time when the repurchase is required by the indenture governing the CyberArk Notes, or to pay any cash amount due upon their maturity or conversion when required by the Indenture would constitute a default under the Indenture. A default under the Indenture could also lead to a default under agreements governing our other indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to satisfy all amounts due under the other indebtedness and the CyberArk Notes.

The capped call transactions may affect the value of the CyberArk Notes and our common stock.

In connection with the issuance of the CyberArk Notes, CyberArk had previously entered into a number of capped call transactions (each, a "Capped Call"), each with a financial institution (each, together with its affiliates, a "Dealer"). In connection with the CyberArk acquisition, we entered into substantially identical amended and restated letter agreements with respect to the Capped Calls, under which the Capped Calls were assigned to us and now reference our common stock. The Capped Calls are generally expected to reduce the potential dilution to our common stock upon conversion of the CyberArk Notes and/or offset any potential cash payments we are required to make in excess of the principal amount of converted CyberArk Notes, with such reduction and/or offset subject to a cap.

Any Dealer may modify or unwind its hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the CyberArk Notes (and is likely to do so following any conversion of the CyberArk Notes, any repurchase of the CyberArk Notes by us on any fundamental change repurchase date, any redemption date, or any other date on which the CyberArk Notes are retired by us, in each case, if we exercise the relevant election under the Capped Calls and in connection with any negotiated unwind or modification of the Capped Calls). This activity could cause or prevent an increase or a decrease in the market price of our common stock or the CyberArk Notes, which could affect a note holder's ability to convert its CyberArk Notes and, to the extent the activity occurs during any observation period related to a conversion of the CyberArk Notes, it could affect the amount and value of the consideration that the note holder would receive upon conversion of the CyberArk Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the CyberArk Notes or our common stock. In addition, we do not make any representation that any Dealer has engaged with or will engage in these transactions or that these transactions, if commenced, have not been or will not be discontinued without notice.

General Risk Factors

Our business is subject to the risks of earthquakes, fire, power outages, floods, health risks, and other catastrophic events, and to interruption by man-made problems, such as terrorism.

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. In addition, other natural disasters, such as fire or floods, a significant power outage, telecommunications failure, terrorism, an armed conflict, cyberattacks, epidemics and pandemics, or other geopolitical unrest could affect our supply chain, manufacturers, logistics providers, channel partners, end-customers, or the economy as a whole, and such disruption could impact our shipments and sales. These risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, the loss of customers, or the delay in the manufacture, deployment, or shipment of our products, our business, financial condition, and operating results would be adversely affected.

Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products and subscriptions could reduce our ability to compete and could harm our business.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features to enhance our portfolio, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we engage in future debt financings, the holders of such additional debt would have priority over the holders of our common stock. Current and future indebtedness may also contain terms that, among other things, restrict our ability to incur additional indebtedness. In addition, we may be required to take other actions that would otherwise be in the interests of the debt holders and would require us to maintain specified liquidity or other ratios, any of which could harm our business, operating results, and financial condition. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

During the three months ended January 31, 2026, we issued a total of 7,178,288 shares of our common stock to holders of the 2025 Warrants (as defined in Note 9. Debt in Part I, Item 1 of this Quarterly Report on Form 10-Q). The shares of common stock issued upon exercise of these warrants were exempt from registration under Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act").

During the three months ended January 31, 2026, we issued a total of 1,805,174 shares of our unregistered common stock in connection with an acquisition (the "Transaction"). The Transaction did not involve any underwriters, any underwriting discounts or commissions, or any public offering. The issuances of the securities pursuant to the Transaction were exempt from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In February 2019, we announced that our board of directors authorized a \$1.0 billion share repurchase program, which is funded from available working capital. We subsequently announced additional increases to this share repurchase program, bringing the total authorization to \$4.1 billion, with \$1.0 billion remaining as of January 31, 2026. The expiration date of this repurchase authorization was extended to December 31, 2026, and our repurchase program may be suspended or discontinued at any time. Repurchases under our program are to be made at management's discretion on the open market, through privately negotiated transactions, transactions structured through investment banking institutions, block purchase techniques, 10b5-1 trading plans, or a combination of the foregoing. During the three months ended January 31, 2026, we did not repurchase any shares pursuant to our share repurchase program.

Item 5. Other Information

Trading Plans of Directors and Executive Officers

Set forth below is certain information regarding Rule 10b5-1 trading plans adopted or terminated by our directors and officers (as defined in Rule 16a-1(f)) during the second quarter of fiscal 2026. The Rule 10b5-1 trading plans listed below are each intended to satisfy the affirmative defense of Rule 10b5-1(c).

Name	Title	Date Plan Was Adopted	Date Plan Was Terminated	Expiration Date	Total Amount of Common Stock to Be Sold Under the Plan
Joshua Paul	Chief Accounting Officer	September 17, 2025	Not applicable	December 31, 2026 or, if earlier, when all shares have been sold	Up to 10,200
Dipak Golechha	Chief Financial Officer	December 5, 2025	Not applicable	March 31, 2027 or, if earlier, when all shares have been sold	20,000
Lee Klarich	Chief Product and Technology Officer	December 11, 2025	Not applicable	October 30, 2026 or, if earlier, when all shares have been sold	62,904

No other officers or directors, as defined in Rule 16a-1(f), adopted, modified, and/or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408, during the second quarter of fiscal 2026.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
4.1	Indenture, dated June 10, 2025, by and between CyberArk Software Ltd. and U.S. Bank Trust Company, National Association.	8-K	001-35594	4.1	February 11, 2026
4.2	First Supplemental Indenture, dated as of February 11, 2026, by and among Palo Alto Networks, Inc., CyberArk Software Ltd. and U.S. Bank Trust Company, National Association.	8-K	001-35594	4.2	February 11, 2026
4.3	Form of Global 0.00% Convertible Senior Note due 2030 (included in Exhibit 4.1).	8-K	001-35594	4.3	February 11, 2026
4.4	Form of Amended and Restated Confirmation of Capped Call Transaction.	8-K	011-35594	4.4	February 11, 2026
10.1*	Amended and Restated 2021 Equity Incentive Plan.	8-K	001-35594	10.1	December 11, 2025
10.2*	Form Award Agreements under the 2021 Equity Incentive Plan, as amended and restated.				
10.3*	2012 Employee Stock Purchase Plan, as amended and restated, and related form agreements.				
10.4*	CyberArk Software Ltd. 2024 Share Incentive Plan, as amended.	S-8	333-290235	4.4	February 11, 2026
10.5*	CyberArk Software Ltd. 2014 Share Incentive Plan, as amended.	S-8	333-290235	4.5	February 11, 2026
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	The following financial information from Palo Alto Networks, Inc.'s Quarterly Report on Form 10-Q for the three months ended January 31, 2026 formatted in Inline XBRL includes: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Indicates a management contract or compensatory plan or arrangement.

† The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Palo Alto Networks, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

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, thereunto duly authorized.

Date: February 17, 2026

PALO ALTO NETWORKS, INC.

By: /s/ DIPAK GOLECHHA
Dipak Golechha
Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Date: February 17, 2026

PALO ALTO NETWORKS, INC.

By: /s/ JOSH PAUL
Josh Paul
Chief Accounting Officer
(Duly Authorized Officer and Principal Accounting Officer)

PALO ALTO NETWORKS, INC.
2021 EQUITY INCENTIVE PLAN
GLOBAL STOCK OPTION AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Palo Alto Networks, Inc. 2021 Equity Incentive Plan (the “Plan”) will have the same defined meanings in this Notice of Grant of Stock Option (the “Notice of Grant”), the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, and the Addendum, attached hereto as Exhibit B, all of which are made a part of this document (together, the “Award Agreement”).

NOTICE OF STOCK OPTION GRANT

Participant has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Participant	_____
Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Number of Shares Granted	_____
Exercise Price per Share	\$ _____
Total Exercise Price	\$ _____
Type of Option	_____ Incentive Stock Option _____ Nonstatutory Stock Option
Term/Expiration Date	_____

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan, the Survivor Benefit Policy (as defined below), or set forth below, this Option will be exercisable, in whole or in part, in accordance with the following schedule:

[INSERT VESTING SCHEDULE].

Vesting in each case is subject to Participant continuing to be a Service Provider through the applicable vesting date, as further described in Section 10(l) of the Terms and Conditions of Global Stock Option Grant.

In the event Participant ceases to be a Service Provider for any or no reason before Participant the Options fully vest, the unvested portion of the Option and Participant’s right to acquire any Shares thereunder will immediately terminate.

Termination Period:

This Option will be exercisable for three months after Participant ceases to be a Service Provider, unless such termination is due to Participant’s death or Disability, in which case this Option will be exercisable for 12 months after Participant ceases to be a Service Provider. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and may be subject to earlier termination as provided in Section 14(c) of the Plan.

By Participant’s acceptance of this Award Agreement (whether explicitly accepted electronically or otherwise or deemed accepted under the following paragraph), Participant agrees that: (a) this Option is granted under and governed by the terms and conditions of the Plan and this Award Agreement; (b) Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement and fully understands all provisions of the Plan and this Award Agreement; (c) Participant expressly acknowledges the information provided in the Addendum related to the collection, processing and use of Participant’s personal data by the Company and its Subsidiaries and the transfer of personal data to the recipients mentioned in the Addendum; and (d) Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this Award Agreement.

If Participant does not accept or decline this Option by the earliest to occur of (1) the 30th calendar day following the Date of Grant, (2) the first scheduled vesting date of the Option, and (3) such other date that is communicated to Participant by the Company at the time of grant, this Option will be deemed to have accepted by the Participant, including acceptance of the provisions in the preceding paragraph. To decline this Option, Participant must notify equity@paloaltonetworks.com before the earliest to occur of the dates described in clauses (1) through (3) above. If Participant declines this Option, the Option will be cancelled and no benefits from the Option nor any compensation or benefits in lieu of the Option will be provided to Participant.

PARTICIPANT

PALO ALTO NETWORKS, INC.

Signature:

Signature:

Name:

Name:

Title:

Title:

EXHIBIT A

TERMS AND CONDITIONS OF GLOBAL STOCK OPTION GRANT

1. Grant of Option. The Company hereby grants to the Participant named in the Notice of Grant (“Participant”) an option (the “Option”) to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the “Exercise Price”), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 17(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

If designated in the Notice of Grant as an Incentive Stock Option (“ISO”), this Option is intended to qualify as an ISO under Section 422 of the Code. However, if this Option is intended to be an Incentive Stock Option, to the extent required by the \$100,000 rule of Code Section 422(d), it will be treated as a Nonstatutory Stock Option (“NSO”). Further, if for any reason this Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) will be regarded as an NSO granted under the Plan. In no event will the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability or obligation to reimburse, indemnify, or hold harmless Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs, together with any applicable tax withholding. For the avoidance of doubt, if Participant ceases to be a Service Provider prior to any scheduled vesting date, Participant will not earn or be entitled to any pro-rated vesting for any portion of time before the respective vesting date during which Participant was a Service Provider, nor will Participant be entitled to any compensation for lost vesting.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only within the term set out in the Notice of Grant and may be exercised during such term only in accordance with the Plan and the terms of this Award Agreement.

(b) Method of Exercise. This Option is exercisable in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the “Exercised Shares”), and such other representations and agreements as may be required by the Company. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any Tax-Related Items.

This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price and any Tax-Related Items.

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant:

(a) cash;

(b) check or wire transfer;

(c) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; or

(d) surrender of other Shares which (i) will be valued at their fair market value on the date of exercise, and (ii) must be owned free and clear of any liens, claims, encumbrances, or security interests, if accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Responsibility for Taxes. Notwithstanding any contrary provision of this Award Agreement, no Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of Tax-Related Items. Participant acknowledges that, regardless of any action taken by the Company or, if different, the Parent or Subsidiary employing or retaining Participant (the “Service Recipient”), the ultimate liability for all Tax-Related Items is and remains Participant’s sole responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of

the Option, the subsequent sale of Shares acquired pursuant to the exercise of the Option, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares, (c) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) and without further consent from Participant, (d) electing to have the Company or the Service Recipient withhold from Participant's wages or other cash compensation payable to Participant, or (e) any other method of withholding determined by the Company and permitted by Applicable Laws and the Plan. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any withholding obligations or rights with regard to Tax-Related Items by means of method (b) above and, until determined otherwise by the Company, this will be the method by which such withholding obligations or rights with regard to Tax-Related Items are satisfied; provided, however, that if Participant is an officer of the Company subject to Section 16 of the Exchange Act, the Company

will, in all cases, satisfy any Tax-Related Items by means of method (b) above, unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case the obligation for Tax-Related Items may be satisfied by one or a combination of the other methods above.

The Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in Participant's jurisdiction(s). In the event of over-withholding, Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Shares) or, if not refunded, Participant may be able to seek a refund from the local tax authorities. In the event of under-withholding, Participant may be required to pay additional Tax Related Items directly to the applicable tax authority. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant will be deemed to have been issued the full number of Shares subject to the exercise of the Option, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

The Company may refuse to deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with Participant's obligations for Tax-Related Items.

7. Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two years after the Date of Grant, or (ii) the date one year after the date of exercise, Participant will immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER (SUBJECT TO THE SURVIVOR BENEFIT POLICY) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION, OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER, AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Nature of Grant. By accepting the Award, Participant acknowledges, understands and agrees that:

- (a) the grant of the Option is exceptional, voluntary, and occasional and does not create any contractual or other right to receive future grants of Option, or benefits in lieu of Option, even if Option have been granted in the past;
- (b) all decisions with respect to future Option or other grants, if any, will be at the sole discretion of the Company;
- (c) the Option grant and Participant's participation in the Plan shall not be interpreted as forming an employment or service contract with the Company, the Service Recipient, or any Parent or Subsidiary;
- (d) Participant is voluntarily participating in the Plan;
- (e) the Option and the Shares subject to the Option, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (f) the Option and the Shares subject to the Option, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy,

dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(h) if the underlying Shares do not increase in value after the Date of Grant, the Option will have no value;

(i) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

(j) no claim or entitlement to compensation or damages shall arise from (1) forfeiture of the Option resulting from the termination of Participant as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any) and/or (2) forfeiture of the Award or the recoupment of any financial gain resulting from the Award as described in Section 16(f) of the Plan and Section 24 of this Award Agreement;

(k) unless otherwise agreed with the Company, the Option and the Shares subject to the Option, and the income from and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of any Subsidiary;

(l) for purposes of the Option, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any) and Participant's right to vest in the Option under the Plan, if any, will terminate as of such date (unless otherwise provided pursuant to the terms and conditions of the Company's Equity Incentive Plan Survivor Benefit Policy (the "Survivor Benefit Policy")) in the case of Participant's termination as a Service

Provider as a result of the Participant's death) and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of Participant's Option (including whether Participant may still be considered to be providing services while on a leave of absence);

(m) the Option and the benefits evidenced by this Award Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(n) if Participant provides services outside the United States:

(i) the Option and the Shares subject to the Option, and the income from and value of same, are not part of normal or expected compensation for any purposes; and

(ii) neither the Company, the Service Recipient nor any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the settlement of the Option or the subsequent sale of any Shares acquired upon settlement.

11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with Participant's own personal tax, legal, and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

12. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Palo Alto Networks, Inc., 3000 Tannery Way, Santa Clara, CA 95054, U.S.A., or at such other address as the Company may hereafter designate in writing.

13. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Award Agreement (including the exhibits hereto) will be binding upon the executors, administrators, heirs, successors and assigns of Participant.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange, under any U.S. or non-U.S. federal, state, or local law, the Code and related regulations, or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body, or the clearance, consent or approval of the United States

Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the purchase by, or issuance of Shares to, Participant (or his or her estate) hereunder, such purchase or issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent, or approval will have been completed, effected, or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such U.S. or non-U.S. federal, state, or local law or securities exchange and to obtain any such consent or approval of any such governmental authority or

securities exchange. Assuming such compliance, for U.S. federal income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

16. Tax Consequences. Participant has reviewed with its own tax advisors the U.S. and non-U.S. federal, state, and local tax consequences of participating in the Plan and the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own liability for Tax-Related Items that may arise as a result of Participant's participation in the Plan or the transactions contemplated by this Award Agreement.

17. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

19. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Option or future Awards that may be granted under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

21. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

22. Entire Agreement; Modifications to the Award Agreement. The Plan, the Survivor Benefit Policy and this Award Agreement (including the exhibits hereto) constitute the entire agreement of the parties on the subjects covered and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Option.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read, and understood a description of the Plan. Participant understands that the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended, or terminated by the Company at any time.

24. Forfeiture or Clawback. By accepting this Option, Participant agrees that this Option (including any Shares acquired through the Award and proceeds, gains or other economic benefit received by Participant from a subsequent sale of such Shares acquired) will be subject to Section 16(f) of the Plan with respect to forfeiture or clawback.

25. Governing Law and Venue. This Award Agreement will be governed by the provisions of Section 4(g) of the Plan, which selects Delaware law and venue.

26. Language. Participant acknowledges that he or she is proficient in the English language or has consulted with an advisor who is proficient in the English language, so as to enable Participant to understand the terms of this Award Agreement and the Plan. If Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by Applicable Law.

27. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. Addendum. Notwithstanding any provisions in this Award Agreement, the Option shall be subject to any additional terms and conditions set forth in the Addendum for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the additional terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Award Agreement.

29. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other Participant.

30. Insider-Trading/Market-Abuse Laws. Participant acknowledges that, depending on Participant's or Participant's broker's country or the country in which the Shares are listed, Participant may be subject to insider-trading restrictions and/or market-abuse laws which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares, or rights linked to the value of Shares during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant places before possessing inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Participant understands that third parties include fellow employees.

Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant is responsible for complying with any applicable restrictions and should speak to Participant's personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in Participant's country.

31. Foreign Asset/Account Reporting Requirements. Participant acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold the Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on the Shares acquired under the Plan) in a brokerage or bank account outside his or her country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Participant also may be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is his or her responsibility to be compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

EXHIBIT B

ADDENDUM TO THE GLOBAL STOCK OPTION AWARD AGREEMENT

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Plan and/or the Award Agreement.

TERMS AND CONDITIONS

This Addendum contains additional terms and conditions that govern the Option granted under the Plan to a Participant who resides and/or works in one of the countries listed below.

If Participant is a citizen or resident of a country other than the one in which Participant is currently residing and/or working, transfers employment and/or residency after the Option is granted, or is considered a resident of another country for local law purposes, the terms and conditions of the Option contained herein may not be applicable to Participant, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

NOTIFICATIONS

This Addendum contains information regarding exchange controls and certain other issues of which Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of November 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Addendum as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time Participant vests in or exercises the Option or sells Shares acquired pursuant thereto.

The information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant is currently residing and/or working, transfers employment and/or residency after Option is granted, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner.

ISRAEL

TERMS AND CONDITIONS

Capital Gains Track Trustee Award. Capitalized terms used but not defined in these provisions or the Plan or the Award Agreement shall have the meanings ascribed to them in the Sub-Plan to the Plan for Israeli Participants (the "Israel Sub-Plan").

By accepting the Option, Participant acknowledges and agrees that the Option is subject to the Plan, the Israel Sub-Plan and Sections 102(b)(2) and (3) of the ITO, the Rules, and the Trust Agreement, a copy of which has been made available to Participant. Participant confirms that (a) Participant is familiar with the terms and provisions of Section 102 of the ITO, particularly the capital gains track described in subsections (b)(2) and (3) thereof, and agrees not to require the Trustee to release the Option or to sell or transfer the Option to Participant or any third party unless permitted to do so by Applicable Laws; (b) the terms and restrictions set forth in the Israel Sub-Plan will apply to the Option in all respects, including without limitation with respect to mandatory withholding requirements for Tax-Related Items, and the rights and authorities of the Company, the Service Recipient and the Trustee with respect thereto, and (c) the Company, its affiliates, assignees and successors shall be under no duty to ensure, and no representation or commitment is made, that the Option qualifies or shall qualify under any particular tax treatment.

(a) Participant further acknowledges and agrees that the Option and any Shares issued upon exercise thereof shall be deposited with the Trustee, or shall be subject to a supervisory trustee arrangement approved by the ITA for the Trustee, in order to comply with the requirements of the capital gains track under Sections 102(b)(2) and (3) of the ITO.

(b) Participant hereby undertakes to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation to the Plan, the Option or Shares issued thereunder.

Data Privacy. Participant hereby authorizes the Company, the Trustee and their representatives to collect, use and transfer all relevant information regarding Participant and the Option to all Company personnel and agents and or third parties involved in the administration of the Plan and/or in the event of a corporate financing, merger, acquisitions and/or business transfers, including transfers outside of Israel and further transfers thereafter.

NOTIFICATIONS

Securities Law Information. The Company has obtained an exemption to the prospectus filing requirement from the Israeli Securities Authority. Accordingly, Options will be granted pursuant to an exemption from filing a Plan prospectus granted to the Company by the Israeli Securities Authority. Copies of the Plan and Form S-8 registration statement for the Plan filed with the United States Securities and Exchange Commission are available from the Company.

PALO ALTO NETWORKS, INC. 2021 EQUITY INCENTIVE
PLAN
GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Palo Alto Networks, Inc. 2021 Equity Incentive Plan (the “Plan”) will have the same defined meanings in this Global Restricted Stock Unit Award Agreement, the Terms and Conditions of Global Restricted Stock Unit Grant, attached hereto as Exhibit A, and the Addendum, attached hereto as Exhibit B, all of which are made a part of this document (together, the “Award Agreement”).

NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant has been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Participant

Grant Number

Date of Grant

Vesting Commencement Date

Number of Shares Granted

Subject to any acceleration provisions contained in the Plan, the Survivor Benefit Policy (as defined below), or set forth below, the Restricted Stock Units will vest in accordance with the following schedule:

Shares

Vest Date

Vesting in each case is subject to Participant continuing to be a Service Provider through the applicable vesting date, as further described in Section 10(j) of the Terms and Conditions of Global Restricted Stock Unit Grant.

In the event Participant ceases to be a Service Provider for any or no reason before Participant's Restricted Stock Units fully vest, the unvested portion of the Restricted Stock Units and Participant's right to acquire any Shares thereunder will immediately terminate.

By Participant's acceptance of this Award Agreement (whether explicitly accepted electronically or otherwise or deemed accepted under the following paragraph), Participant agrees that: (a) this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement; (b) Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement and fully understands all provisions of the Plan and this Award Agreement; (c) Participant expressly acknowledges the information provided in the Addendum related to the collection, processing and use of Participant's personal data by the Company and its Subsidiaries and the transfer of personal data to the recipients mentioned in the Addendum; and (d) Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this Award Agreement.

If Participant does not accept or decline this Award of Restricted Stock Units by the earliest to occur of (1) the 30th calendar day following the Date of Grant, (2) the first scheduled vesting date of the Restricted Stock Units, and (3) such other date that is communicated to Participant by the Company at the time of grant, this Award of Restricted Stock Units will be deemed to have accepted by the Participant, including acceptance of the provisions in the preceding paragraph. To decline this Award of Restricted Stock Units, Participant must notify equity@paloaltonetworks.com before the earliest to occur of the dates described in clauses (1) through (3) above. If Participant declines this Award of Restricted Stock Units, the Restricted Stock Units will be cancelled and no benefits from the Restricted Stock Units nor any compensation or benefits in lieu of the Restricted Stock Units will be provided to Participant.

PARTICIPANT

PALO ALTO NETWORKS, INC.

Name:

Signature:

Grant Acceptance Date:

Name:

Title:

EXHIBIT A

TERMS AND CONDITIONS OF GLOBAL RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Restricted Stock Unit Grant (the “Notice of Grant”) attached as Part I of this Award Agreement (the “Participant”) under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 17(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company’s Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3, Participant will have no right to the payment of any such Restricted Stock Units. Prior to the actual payment of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant’s death, to his or her estate) in whole Shares, subject to Participant satisfying any applicable withholding obligations for Tax-Related Items. Subject to the provisions of Section 4, such vested Restricted Stock Units shall be paid in whole Shares as soon as practicable after vesting, but in each such case within the period 60 days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Award Agreement.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs, as further described in Section 10(j). For the avoidance of doubt, if Participant ceases to be a Service Provider prior to any scheduled vesting date, Participant will not earn or be entitled to any pro-rated vesting for any portion of time before the respective vesting date during which Participant was a Service Provider, nor will Participant be entitled to any compensation for lost vesting.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. The payment of Shares in settlement of any Restricted Stock Units vesting pursuant to this Section 4 shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant’s termination as a Service Provider (provided that such termination is a

“separation from service” within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a “specified employee” within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant’s termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant’s termination as a Service Provider, unless Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant’s estate as soon as practicable following his or her death. It is the intent of this Award Agreement that it and all payments and benefits hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). For purposes of this Award Agreement, “Section 409A” means Section 409A of the Code, and any final Treasury Regulations and U.S. Internal Revenue Service guidance thereunder, as each may be amended from time to time.¹

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time of Participant’s termination as a Service Provider for any or no reason and Participant’s right to acquire any Shares hereunder will immediately terminate, unless otherwise provided pursuant to the terms and conditions of the Company’s Equity Incentive Plan Survivor Benefit Policy (the “Survivor Benefit Policy”) in the case of the Participant’s termination as a Service Provider as a result of the Participant’s death.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Responsibility for Taxes. Notwithstanding any contrary provision of this Award Agreement, no Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of Tax-Related Items. Participant acknowledges that, regardless of any action taken by the Company or, if different, the Parent or Subsidiary employing or retaining Participant (the "Service Recipient"), the ultimate liability for all Tax-Related Items is and remains Participant's sole responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares, (c) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) and without further consent from Participant, (d) electing to have the Company or the Service Recipient withhold from Participant's wages or other cash compensation payable to Participant, or (e) any other method of withholding determined by the Company and permitted by Applicable Laws and the Plan. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any withholding obligations or rights with regard to Tax-Related Items by means of method (b) above and, until determined otherwise by the Company, this will be the method by which such withholding obligations or rights with regard to Tax-Related Items are satisfied; provided, however, that if Participant is an officer of the Company subject to Section 16 of the Exchange Act, the Company will, in all cases, satisfy any Tax-Related Items by means of method (b) above, unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case the obligation for Tax-Related Items may be satisfied by one or a combination of the other methods above.

The Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in Participant's jurisdiction(s). In the event of over-withholding, Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Shares) or, if not refunded, Participant may be able to seek a refund from the local tax authorities. In the event of under-withholding, Participant may be required to pay additional Tax-Related Items directly to the applicable tax authority. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant will be deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

If Participant fails to make satisfactory arrangements for the payment of any Tax-Related Items hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4 or Tax-Related Items related to Restricted Stock Units otherwise are due, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER (SUBJECT TO THE SURVIVOR BENEFIT POLICY) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Nature of Grant. By accepting the Award, Participant acknowledges, understands and agrees that:

(a) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(b) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(c) the Restricted Stock Unit grant and Participant's participation in the Plan shall not be interpreted as forming an employment or service contract with the Company, the Service Recipient, or any Parent or Subsidiary;

(d) Participant is voluntarily participating in the Plan;

(e) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for any purposes, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(h) no claim or entitlement to compensation or damages shall arise from (1) forfeiture of the Restricted Stock Units resulting from the termination of Participant as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any) and/or (2) forfeiture of the Award or the recoupment of any financial gain resulting from the Award as described in Section 16(f) of the Plan and Section 24 of this Award Agreement;

(i) unless otherwise agreed with the Company, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of any Subsidiary;

(j) for purposes of the Restricted Stock Units, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any) and Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of Participant's Restricted Stock Unit grant (including whether Participant may still be considered to be providing services while on a leave of absence);

(k) the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(l) if Participant provides services outside the United States:

(i) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for any purposes; and

(ii) neither the Company, the Service Recipient nor any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

12. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Palo Alto Networks, Inc., 3000 Tannery Way, Santa Clara, CA 95054, U.S.A., or at such other address as the Company may hereafter designate in writing.

13. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange, under any U.S. or non-U.S. federal, state or local law, the Code and related regulations, or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body, or the clearance, consent or approval of any governmental regulatory authority, is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of any Shares in settlement of any vested Restricted Stock Units will violate U.S. federal securities laws or other Applicable Laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such U.S. or non-U.S. federal, state, or local law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange.

16. Tax Consequences. Participant has reviewed with its own tax advisors the U.S. and non-U.S. federal, state, and local tax consequences of participating in the Plan and the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own liability for Tax-Related Items that may arise as a result of Participant's participation in the Plan or the transactions contemplated by this Award Agreement.

17. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

19. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units or future Awards that may be granted under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

21. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

22. Entire Agreement; Modifications to the Award Agreement. The Plan, the Survivor Benefit Policy and this Award Agreement (including the exhibits hereto) constitute the entire agreement of the parties on the subjects covered and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is established voluntarily by the Company, is discretionary in nature, and may be amended, suspended or terminated by the Company at any time.

24. Forfeiture or Clawback. By accepting this Award, Participant agrees that this Award of Restricted Stock Units (including any Shares acquired through the Award and proceeds, gains or other economic benefit received by Participant from a subsequent sale of such Shares) will be subject to Section 16(f) of the Plan with respect to forfeiture or clawback.

25. Governing Law and Venue. This Award Agreement will be governed by the provisions of Section 4(g) of the Plan, which selects Delaware law and venue.

26. Language. Participant acknowledges that he or she is proficient in the English language, or has consulted with an advisor who is proficient in the English language, so as to enable Participant to understand the terms of this Award Agreement and the Plan. If Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by Applicable Law.

27. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. Addendum. Notwithstanding any provisions in this Award Agreement, the Restricted Stock Unit Award shall be subject to any additional terms and conditions set forth in the Addendum for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the additional terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Award Agreement.

29. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other Participant.

30. Insider-Trading/Market-Abuse Laws. Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares, or rights linked to the value of Shares during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant places before possessing inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Participant understands that third parties include fellow employees.

Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider-trading policy. Participant is responsible for complying with any applicable restrictions and should speak to Participant's personal legal advisor for further details regarding any applicable insider trading and/or market-abuse laws in Participant's country.

31. Foreign Asset/Account Reporting Requirements. Participant acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold the Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on the Shares acquired under the Plan) in a brokerage or bank account outside his or her country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Participant also may be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is his or her responsibility to be compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

¹ Section 409A applies to and is relevant only for Participants who are U.S. taxpayers.

EXHIBIT B

ADDENDUM TO THE GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Plan and/or the Award Agreement.

TERMS AND CONDITIONS

This Addendum contains additional terms and conditions that govern the Restricted Stock Units granted under the Plan to a Participant who resides and/or works in one of the countries listed below.

If Participant is a citizen or resident of a country other than the one in which Participant is currently residing and/or working, transfers employment and/or residency after the Restricted Stock Units are granted, or is considered a resident of another country for local law purposes, the terms and conditions of the Restricted Stock Units contained herein may not be applicable to Participant, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

NOTIFICATIONS

This Addendum contains information regarding exchange controls and certain other issues of which Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of February 2025. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Addendum as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time Participant vests in the Restricted Stock Units or sells Shares acquired pursuant thereto.

The information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant is currently residing and/or working, transfers employment and/or residency after the Restricted Stock Units are granted, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner.

DATA PRIVACY PROVISIONS FOR ALL PARTICIPANTS

Terms and Conditions

PARTICIPANTS IN THE EUROPEAN UNION / EUROPEAN ECONOMIC AREA / SWITZERLAND / UNITED KINGDOM

(i) Collection and Usage. Pursuant to applicable data protection laws, Participant is hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about Participant for the legitimate purpose of granting Restricted Stock Units and implementing, administering and managing Participant's participation in the Plan. Specifics of the data processing are described below.

(ii) Controller and Representative. The Company is the controller responsible for the processing of Participant's personal data in connection with the Plan. The Company's representative is Chief Privacy Officer, privacy@paloaltonetworks.com.

(iii) Personal Data Subject to Processing. The Company collects, processes and uses the following types of personal data about Participant: Participant's name, employee ID, home address and telephone number, work and email address, date of birth, social security number or other tax identification number, social insurance, passport number or other international identification number, salary, nationality, job title, hire date, work country, department, cost center, subsidiary, organization level, expense

group, termination date, supervisor, employment status, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, settled, vested, unvested or outstanding in Participant's favor, which the Company receives from Participant or the Service Recipient ("Data").

(iv) Purposes and Legal Bases of Processing. The Company processes Data for the purposes of performing its contractual obligations under this Award Agreement, granting Restricted Stock Units, implementing, administering and managing Participant's participation in the Plan and facilitating compliance with applicable tax and securities law. The legal basis for the processing of Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under this Award Agreement and for the Company's legitimate business interests of managing the Plan and generally administering employee equity awards.

(v) Service Providers. The Company transfers Data to E*TRADE Financial Services, Inc. and certain of its affiliated companies ("E*TRADE"), which is an independent stock plan administrator with operations, relevant to the Company, in the United States and assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and may share Data with such service providers. The Company's stock plan administrators will open an account for Participant to receive and trade Shares. Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Participant's ability to participate in the Plan. Data will only be accessible by those

individuals requiring access to it for purposes of implementing, administering and operating Participant's participation in the Plan. Participant understands that Participant may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative, filling out the individual rights request online form at <https://www.paloaltonetworks.com/legal-notices/privacy>, or by sending an email to individualrights@paloaltonetworks.com.

(vi) International Transfers. The Company and its service providers, including, without limitation, E*TRADE, operate, relevant to the Company, in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. Participant understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that Data may not have an equivalent level of protection as compared to Participant's country of residence. To provide appropriate safeguards for the protection of Data, Data is transferred to the Company based on data transfer and processing agreements implementing the EU Standard Contractual Clauses. Participant may request a copy of the safeguards used to protect Data by contacting the Company at: privacy@paloaltonetworks.com. The Company reserves the right to use a different but adequate data transfer legal mechanism.

(vii) Data Retention. The Company will use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with Applicable Laws, exercise or defense of legal rights, and archiving, back-up and deletion processes. When the Company no longer needs Data, the Company will remove it from its systems according to its retention policies. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

(viii) Data Subject Rights. To the extent provided by law, Participant has the right to (i) inquire whether and what kind of Data the Company holds about Participant and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, or (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements. In addition, Participant has, to the extent provided by law, the right to (iv) request the Company to restrict the processing of Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of Data that Participant has actively or passively provided to the Company, where the processing of such Data is based on consent or a contractual agreement with Participant and is carried out by automated means. In case of concerns, Participant also has the right to (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding Participant's rights, raise any other questions regarding the practices described in this Award Agreement or to exercise his or her rights, Participant should contact the Company at: privacy@paloaltonetworks.com (for questions) or individualrights@paloaltonetworks.com (to exercise rights).

(ix) Contractual Requirement. Participant's provision of Data and its processing as described above is a contractual requirement and a condition to Participant's ability to participate in the Plan. Participant understands that, as a consequence of Participant's refusing to provide Data, the Company may not be able to allow Participant to participate in the Plan,

grant Restricted Stock Units to Participant or administer or maintain such Restricted Stock Units. However, Participant's participation in the Plan and his or her acceptance of this Award Agreement are purely voluntary. While Participant will not receive Restricted Stock Units if he or she decides against participating in the Plan or providing Data as described above, with the exception of not receiving these benefits, Participant's status as a Service Provider will not be affected in any way. For more information on the consequences of the refusal to provide Data, Participant may contact the Company at: privacy@paloaltonetworks.com.

PARTICIPANTS OUTSIDE THE EUROPEAN UNION / EUROPEAN ECONOMIC AREA

/ SWITZERLAND / UNITED KINGDOM

Participant consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Service Recipient, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Service Recipient may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purpose of implementing, administering and managing the Plan.

*Participant understands that Data will be transferred to E*TRADE Financial Services, Inc. and certain of its affiliated companies ("E*TRADE") which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that, if Participant resides outside the U.S., Participant may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative, filling out the individual rights request online form at <https://www.paloaltonetworks.com/legal-notices/privacy>, or by sending an email to individualrights@paloaltonetworks.com. Participant authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to collect, receive, possess, use, retain, transfer, or otherwise process Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that, if Participant resides outside the U.S., Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing*

Participant's local human resources representative, filling out the individual rights request online form at <https://www.paloaltonetworks.com/legal-notices/privacy>, or by sending an email to individualrights@paloaltonetworks.com. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's status as a Service Provider will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative or send an email to privacy@paloaltonetworks.com.

ARGENTINA

NOTIFICATIONS

Securities Law Information. The Shares are not publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to prospectus requirement in Argentina.

Exchange Control Information. Exchange control regulations in Argentina are subject to frequent change. Participant is solely responsible for complying with any applicable exchange control rules and should consult with his or her personal legal advisor prior to remitting proceeds from the sale of Shares or cash dividends paid on such Shares.

AUSTRALIA

NOTIFICATIONS

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Securities Law Information. The offer is being made under Division 1A Part 7.12 of the Corporations Act 2001 (Cth).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding a certain threshold (currently AUD10,000) and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on behalf of Participant.

AUSTRIA

NOTIFICATIONS

Exchange Control Information. If Participant holds Shares acquired under the Plan outside of Austria, Participant must submit a report to the Austrian National Bank on a quarterly basis if the value of

the Shares as of any given quarter equals or exceeds a certain threshold (currently €5,000,000). The reports must be filed on or before the 15th of the month following the end of the respective quarter.

A separate reporting requirement applies when Participant sells Shares acquired under the Plan or receives a dividend. In that case, there may be exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad equals or exceeds a certain threshold (currently €10,000,000), the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, on the prescribed forms.

BELGIUM

NOTIFICATIONS

Exchange Control Information. Belgian residents are required to provide the National Bank of Belgium with the account details of any foreign securities or bank accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

BRAZIL

TERMS AND CONDITIONS

Compliance with Law. By accepting the Restricted Stock Units, Participant acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable Tax-Related Items associated with the vesting of the Restricted Stock Units, the sale of the Shares acquired pursuant thereto and the receipt of any dividends paid on such Shares.

Nature of Grant. The following provision supplements Section 10 of the Terms and Conditions of Global Restricted Stock Unit Grant:

By accepting the Restricted Stock Units, Participant agrees that Participant is (i) making an investment decision and (ii) the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to Participant.

NOTIFICATIONS

Exchange Control Information. If Participant is resident or domiciled in Brazil, he or she will be required to submit an annual or quarterly declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds a certain threshold (currently US\$1,000,000). Assets and rights that must be reported include the Shares and may include Restricted Stock Units granted under the Plan.

BULGARIA

NOTIFICATIONS

Exchange Control Information. Participant will be required to file statistical forms with the Bulgarian National Bank annually regarding Participant's receivables in bank accounts held abroad, as well as securities held abroad (*e.g.*, Shares acquired under the Plan) if the aggregate value of all such receivables and securities equals or exceeds a certain threshold (currently BGN 50,000). The reports are due by March 31.

CANADA

TERMS AND CONDITIONS

Form of Payment. Notwithstanding any discretion contained in the Plan, the grant of Restricted Stock Units does not provide any right for Participant to receive a cash payment; the Restricted Stock Units are payable in Shares only.

Exclusion from Compensation or Salary. This provision replaces Section 10(f) of the Terms and Conditions of Global Restricted Stock Unit Grant:

except as explicitly and minimally required under applicable legislation, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for any purposes, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;

No Compensation for Forfeiture and/or Recoupment. This provision replaces Section 10(h) of the Terms and Conditions of Global Restricted Stock Unit Grant:

except as explicitly and minimally required under applicable legislation, no claim or entitlement to compensation or damages shall arise from (1) forfeiture of the Restricted Stock Units resulting from the termination of Participant as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any) and/or (2) forfeiture of the Award or the recoupment of any financial gain resulting from the Award as described in Section 16(f) of the Plan and Section 24 of this Award Agreement;

Termination of Service. The following provision replaces Section 10(j) of the Terms and Conditions of Global Restricted Stock Unit Grant:

for purposes of the Restricted Stock Units, and except as provided herein, Participant's status as a Service Provider will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and Participant's right (if any) to earn, seek damages in lieu of, vest in or otherwise benefit from any portion of the Restricted Stock Units pursuant to this Award Agreement will be measured, as of the date Participant is no longer actually providing services to the Company or any Parent or Subsidiary (the "Termination Date").

Unless explicitly required by applicable legislation, the Termination Date shall exclude and shall not be extended by any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, contract, common/civil law or otherwise. For greater certainty, Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting.

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued vesting or other participation in the Plan during a statutory notice period, Participant acknowledges that his or her right to vest in the Restricted Stock Units or otherwise benefit from the Restricted Stock Units, if any, will terminate effective as of the last day of his or her minimum statutory notice period, but Participant will not earn or be entitled to any pro-rated vesting or other participation if the vesting date falls after the end of his or her statutory notice period, nor will Participant be entitled to any compensation for lost vesting or participation. For further clarity, any reference to a termination of Participant's status as a Service Provider, or a date of termination under this Award Agreement or the Plan, will be interpreted to mean the Termination Date.

The following provisions apply if Participant resides in Quebec:

French Language Documents. The following provision replaces Section 26 of the Terms and Conditions of Global Restricted Stock Unit Grant:

A French translation of the Award Agreement and the Plan are available to Participant on the Company's Global Equity Programs LOOP Page (<https://theloop.paloaltonetworks.com/loop/employee-resources/global-equity-programs/equity-plan-documents>). Participant understands that, from time to time, additional information related to the Restricted Stock Units may be provided in English and such information may not be immediately available in French. Notwithstanding anything to the contrary in the Plan or the Award Agreement, and unless Participant indicates otherwise, the French translation of this Award Agreement and the Plan will govern Participant's participation in the Plan. If Participant transfers residency outside of Quebec, the English version of this Award Agreement and the Plan will govern Participant's participation in the Plan.

Documents en français. La disposition suivante remplace l'article 26 des Termes et conditions de l'octroi mondial d'unités d'actions restreintes:

Une traduction française de la Convention d'attribution et du Régime est mise à la disposition du Participant sur la page LOOP des programmes d'actions mondiaux de la Société (<https://theloop.paloaltonetworks.com/loop/employee-resources/global->

[equity-programs/equity-plan-documents](#)). *Le Participant comprend qu'à l'occasion, des renseignements supplémentaires concernant les Unités d'actions restreintes peuvent être fournis en anglais et que ces renseignements peuvent ne pas être immédiatement accessibles en français. Malgré toute disposition contraire du Régime ou de la Convention d'attribution, et sauf indication contraire de la part du Participant, la traduction française de la présente Convention d'attribution et du Régime régit sa participation au Régime. Si le Participant déménage à*

l'extérieur du Québec, la version anglaise de la présente Convention d'attribution et du Régime régira sa participation au Régime.

Data Privacy. The following provision supplements the Data Privacy Provisions for Participants Outside the European Union / European Economic Area / Switzerland / United Kingdom above in this Addendum:

Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. Participant further authorizes the Company, the Service Recipient and/or any Parent or Subsidiary to disclose and discuss such information with their advisors. Participant acknowledges that Participant's personal information, including sensitive personal information, may be transferred or disclosed outside the Province of Quebec, including to the United States. Participant also authorizes the Company, the Service Recipient and/or any Parent or Subsidiary to record such information and to keep such information in Participant's employment file. Further, Participant also acknowledges that the Company, the Service Recipient and/or any Parent or Subsidiary and other parties involved in the administration of the Plan may use technology for profiling purposes and to make automated decisions that may have an impact on Participant or the administration of the Plan.

NOTIFICATIONS

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, The Nasdaq Global Select Market).

CHILE

NOTIFICATIONS

Securities Law Notice. The offer of the Restricted Stock Units constitutes a private offering in Chile effective as of the Date of Grant. The offer of the Restricted Stock Units is made subject to general ruling n° 336 of the Chilean Commission of the Financial Market ("**CMF**"). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the Restricted Stock Units are not registered in Chile, the Company is not required to provide information about the Restricted Stock Units or the Shares in Chile. Unless the Restricted Stock Units and/or the Shares are registered with the CMF, a public offering of such securities cannot be made in Chile.

Ley de valores. *La oferta de las Unidades de Acciones Restringidas se considera una oferta privada in Chile efectiva a partir de la Fecha de la Concesión. La oferta de las Unidades de Acciones Restringidas se hace sujeta a la regla general no. 336 de la Comisión para el Mercado Financiero de Chile ("**CMF**"). La oferta se refiere a valores no inscritos en el registro de valores o en el registro de valores extranjeros de la CMF y, por lo tanto, tales valores no están sujetos a la fiscalización de ésta. Dado que las Unidades de Acciones Restringidas no están registradas en Chile, no se requiere que la Compañía provea información sobre las Unidades de Acciones Restringidas o Acciones Bursátiles en*

Chile. Salvo que las Unidades de Acciones Restringidas y/o acciones estén registradas con la CMF, no puede hacerse una oferta pública de tales valores en Chile.

Exchange Control Information. Participant is not required to repatriate funds obtained from the sale of Shares or dividends paid on such Shares to Chile. However, if Participant decides to repatriate such funds, Participant must do so through the Formal Exchange Market if the amount of the funds exceeds a certain threshold (currently US\$10,000). In such case, Participant must report the payment to a commercial bank or registered foreign exchange office receiving the funds.

If Participant's aggregate investments held outside of Chile exceed a certain threshold (currently US\$5,000,000) (including the value of Shares received under the Plan), Participant must report the investments annually to the Central Bank. Annex 3.1 of Chapter XII of the Foreign Exchange Regulations must be used to file this report.

Please note that exchange control regulations in Chile are subject to change. Participant should consult with his or her personal legal advisor regarding any exchange control obligations that Participant may have in connection with the vesting of the Restricted Stock Units, cash dividends or dividend equivalent payments, or the sale of Shares acquired at vesting.

CHINA

TERMS AND CONDITIONS

The following provisions will apply if Participant is subject to exchange control restrictions and requirements in the People's Republic of China ("PRC"), including the requirements imposed by the State Administration of Foreign Exchange ("SAFE") as determined by the Company in its sole discretion:

Vesting Schedule and Termination. The following provision supplements Sections 3 and 5 of the Terms and Conditions of Global Restricted Stock Unit Grant:

Notwithstanding anything to the contrary in the Award Agreement, the Restricted Stock Units shall not vest unless and until the Company, the Service Recipient or any other Subsidiary in China receives all necessary approvals from SAFE or its local counterpart under the Implementing Rules of the Measures for Administration of Foreign Exchange of Individuals to offer such awards in China. Once SAFE approval has been received and provided Participant continues to be an employee of the Company or a Subsidiary, Participant will receive vesting credit for that portion of the Restricted Stock Units that would have vested prior to obtaining SAFE approval, if applicable, and the remaining portion of the Restricted Stock Units will vest in accordance with the vesting schedule set forth in the Award Agreement. If Participant terminates employment prior to the receipt of SAFE approval, any unvested Restricted Stock Units will be forfeited.

Sale of Shares. Due to local regulatory requirements, Participant understands and agrees that the Company may require that any Shares issued upon the vesting and settlement of the Restricted Stock Units be immediately sold.

Participant further agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on Participant's behalf pursuant to this authorization without further consent) and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares. In this regard, Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated broker) to effectuate the sale of the Shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

If the Company, in its discretion, does not exercise its right to require the automatic sale of the Shares issuable upon vesting and settlement of the Restricted Stock Units, as described in the preceding paragraph, Participant understands and agrees that any Shares acquired under the Plan must be sold no later than six months from Participant's termination of employment, or within any such other period as may be permitted by the Company or required by SAFE. Participant understands that any Shares acquired under the Plan that have not been sold within six months of Participant's termination or within such other period as may be permitted by the Company or required by SAFE will be automatically sold by the designated broker pursuant to this authorization without further consent and subject to the terms of the preceding paragraph.

Upon the sale of the Shares, Participant will receive the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy any Tax-Related Items. Participant agrees to comply with all requirements the Company may impose in order to facilitate compliance with exchange control requirements in China prior to receipt of the cash proceeds. Participant acknowledges that Participant is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Award Agreement.

Exchange Control Requirements. By accepting the Restricted Stock Units, Participant understands and agrees that, pursuant to local exchange control requirements, Participant will be required to repatriate the cash proceeds from the sale of the Shares and the receipt of any dividends to China. Participant further understands that, under local law, such repatriation of the cash proceeds may need to be effectuated through a special exchange control account established by the Company, the Service Recipient or another Subsidiary, and Participant hereby consents and agrees that any proceeds from the sale of any Shares Participant acquires upon the vesting and settlement of Restricted Stock Units and any dividends may be transferred to such special account prior to being delivered to Participant.

Participant further understands that the proceeds will be delivered to Participant as soon as possible, but there may be delays in distributing the funds to Participant due to exchange control requirements in China. Proceeds may be paid to Participant in U.S. dollars or local currency, at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid in local currency, Participant agrees that the Company, the Service Recipient or any other Subsidiary

in China is under no obligation to secure any particular exchange conversion rate and there may be delays in converting the cash proceeds to local currency due to exchange control restrictions. Participant agrees to bear any currency fluctuation risk between the

time the cash proceeds are received and the time the cash proceeds are distributed to Participant through the special account described above.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Additional Restrictions. The Restricted Stock Units will not vest and the Shares will not be issued at vesting unless the Company determines that such vesting and the issuance and delivery of Shares complies with all relevant provisions of law. Further, the Company is under no obligation to vest the Restricted Stock Units and/or issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time Participant vests in the Restricted Stock Units.

COLOMBIA

TERMS AND CONDITIONS

Labor Law Acknowledgement. Participant acknowledges that pursuant to Article 128 of the Colombia Labor Code, the Plan and related benefits do not constitute a component of "salary" for any purposes.

NOTIFICATIONS

Exchange Control Information. Investment in assets located abroad (such as Shares acquired under the Plan) does not require prior approval. However, Participant's investments held abroad, including Shares, must be registered with the Central Bank (*Banco de la República*), regardless of the value of such investments.

COSTA RICA

There are no country-specific provisions.

CZECH REPUBLIC

NOTIFICATIONS

Exchange Control Information. The Czech National Bank may require Participant to fulfill certain notification duties in relation to the acquisition of Shares and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, Participant should consult his or her personal legal advisor prior to the vesting of the Restricted Stock

Units and the subsequent sale of Shares to ensure compliance with current regulations. Participant is responsible for complying with any applicable Czech exchange control laws.

DENMARK

TERMS AND CONDITIONS

Nature of Grant. The following provision supplements Section 10 of the Terms and Conditions of Global Restricted Stock Unit Grant:

By accepting the Award, Participant acknowledges, understands and agrees that it relates to future services to be performed and is not a bonus or compensation for past services.

Stock Option Act. Participant acknowledges that he or she has received an Employer Statement in Danish (attached at the end of this section) which sets forth additional terms of the Restricted Stock Units, to the extent that the Danish Stock Option Act, as amended effective January 1, 2019 (the "Act") applies to the Restricted Stock Units.

SPECIAL NOTICE FOR EMPLOYEES IN DENMARK EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended effective January 1, 2019 (the “Stock Option Act”), you are entitled to receive the following information regarding participation in the Palo Alto Networks, Inc. (“PANW”) 2021 Equity Incentive Plan (the “Plan”) in a written statement.

This statement generally contains only the information mentioned in the Stock Option Act, while the other terms and conditions of your grant of restricted stock units (“RSUs”) are described in detail in the Plan, the Restricted Stock Unit Agreement, including Exhibits A and B (the “Agreement”) and the Notice of Restricted Stock Unit Grant (the “Notice”), which have been made available to you. In the event of a conflict between a provision contained in this Employer Statement and provisions contained in the Plan, Agreement or Notice, this Employer Statement shall prevail.

1. Date of Grant

The date of grant of your RSUs is the date that the Administrator (as defined in the Plan) approved a grant for you and determined it would be effective, which is set forth in the Agreement.

2. Terms and Conditions of the RSU Grant

The grant of RSUs under the Plan is made at the sole discretion of the Administrator. Employees and Consultants (as defined in the Plan) of PANW and its Parents or Subsidiaries (as defined in the Plan) are eligible to participate in the Plan.

3. Vesting Date of RSUs

The RSUs shall vest over a period of time, provided you remain employed by or in the service of PANW or a Subsidiary, unless the RSUs have vested or have terminated earlier for the reasons set forth in the Plan.

4. Exercise Price

There is no exercise price associated with the RSUs. Each RSU entitles you to receive one share of PANW common stock after the RSUs have vested without any cost to you or other payment required from you (other than applicable taxes).

5. Your Rights Upon Termination of Your Service Provider Status

The treatment of the RSUs upon termination of your status as a Service Provider (as defined in the Plan) will be determined in accordance with the termination provisions in the Agreement, pursuant to which the balance of the RSUs that have not vested as of the time of your termination as a Service Provider for any or no reason generally will be cancelled and forfeited.

6. Financial Aspects of Participating in the Plan

The grant of RSUs has no immediate financial consequences for you. The value of the RSUs is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The future value of PANW’s shares is unknown and cannot be predicted with certainty.

Palo Alto Networks, Inc.
3000 Tannery Way
Santa Clara, CA 95054

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret mv. i ansættelsesforhold (“Aktieoptionsloven”) er du berettiget til i en skriftlig erklæring at modtage følgende oplysninger om deltagelse i Palo Alto Networks, Inc. (“PANW”) 2021 Equity Incentive Plan (“Planen”).

Denne erklæring indeholder generelt kun de oplysninger, der er nævnt i Aktieoptionsloven, medens de øvrige kriterier og betingelser for din tildeling af begrænsede aktier (“*Restricted Stock Units*” eller “RSUer”) er beskrevet nærmere i Planen, i *Restricted Stock Unit Agreement*, inkl. bilag A, B (“Aftalen”) og i *Notice of Restricted Stock Unit Grant* (“Meddelelsen”), som er udleveret til dig. I tilfælde af uoverensstemmelser mellem en bestemmelse i denne Arbejdsgivererklæring og bestemmelserne i Planen, Aftalen eller Meddelelsen har denne Arbejdsgivererklæring forrang.

1. Tidspunkt for tildeling

Tidspunktet for tildelingen af dine RSUer er den dag, hvor Administratoren (*Administrator*) (som defineret i Planen) godkendte din tildeling og besluttede, at den skulle træde i kraft. Tidspunktet fremgår af Aftalen.

2. Kriterier og betingelser for RSU-tildelingen

Tildelingen af RSU'er i henhold til Planen sker alene efter Administrators eget skøn. Medarbejdere (*Employees*) og Konsulenter (*Consultants*) (som defineret i Planen) i PANW og dets Moderselskaber (*Parents*) og Datterselskaber (*Subsidiaries*) (som defineret i Planen) kan deltage i Planen.

3. Modningstidspunkt for RSU'erne

RSU'erne modnes over en periode, forudsat at du fortsat er ansat i eller arbejder for Selskabet eller en tilknyttet virksomhed, medmindre RSU'erne er modnet eller bortfaldet på et tidligere tidspunkt af de i Ordningen anførte årsager.

4. Udnyttelseskurs

Der er ikke knyttet nogen udnyttelseskurs til RSU'erne. Hver RSU giver dig i forbindelse med deres modning ret til at modtage én ordinær aktie i Selskabet, uden at det koster dig noget (bortset fra gældende skatter og afgifter).

5. Din retsstilling i forbindelse med ophør af din Ansættelsesstatus

Dine RSU'er vil i tilfælde af ophør af din Ansættelsesstatus (som defineret i Planen) blive behandlet i overensstemmelse med ophørsbestemmelserne i Aftalen, ifølge hvilke eventuelle RSU'er, som på tidspunktet for ophør af din Ansættelsesstatus (uanset årsag) ikke er modnet, normalt automatisk vil bortfalder.

6. Økonomiske aspekter ved at deltage i Planen

Tildelingen af RSU'er har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af RSU'erne indgår ikke i beregningen af feriepenge, pensionsbidrag eller andre lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af PANW aktier kendes ikke og kan ikke forudsiges med sikkerhed.

Palo Alto Networks, Inc.
3000 Tannery Way
Santa Clara, CA 95054

DOMINICAN REPUBLIC

There are no country-specific provisions.

ECUADOR

There are no country-specific provisions.

EGYPT

NOTIFICATIONS

Exchange Control Information. If Participant transfers funds into Egypt in connection with the Restricted Stock Units or Shares, Participant will be required to transfer the funds through a registered bank in Egypt.

FINLAND

There are no country-specific provisions.

FRANCE

TERMS AND CONDITIONS

Language Consent. By accepting the Award, Participant confirms having read and understood the Plan and Award Agreement which were provided in the English language. Participant accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. *En acceptant l'attribution, le Participant confirme avoir lu et compris le Plan et le Contrat, qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.*

NOTIFICATIONS

Tax Information. The Restricted Stock Units are not intended to qualify for special tax or social security treatment in France.

GERMANY

NOTIFICATIONS

Exchange Control Information. Certain cross-border transactions in excess of a certain threshold (currently €50,000) (the “**Threshold**”) must be reported to the German Federal Bank. (*Bundesbank*). If Participant makes or receives a payment in excess of the Threshold (including if Participant acquires Shares under the Plan with a value in excess of the Threshold or sells Shares via a foreign broker, bank or service provider and receives proceeds in excess of the Threshold) and/or if the Company withholds or sells Shares with a value in excess of the Threshold to cover Tax-Related Items, Participant must report the payment and/or the value of the Shares withheld or sold to the *Bundesbank*, either electronically using the “General Statistics Reporting Portal” (“*Allgemeine Meldeportal Statistik*”) available via the *Bundesbank*'s website (www.bundesbank.de) or via such other method (*e.g.*, by email or telephone) as is permitted or required by the *Bundesbank*. The report must be submitted monthly or within such other timing as is permitted or required by the *Bundesbank*. Participant is responsible for complying with applicable reporting requirements.

GREECE

There are no country-specific provisions.

HONG KONG

TERMS AND CONDITIONS

Form of Payment. Notwithstanding any discretion contained in the Plan, the grant of Restricted Stock Units does not provide any right for Participant to receive a cash payment; the Restricted Stock Units are payable in Shares only.

Sale of Shares. For any Restricted Stock Units that vest within six months of the Date of Grant, Participant agrees that he or she will not dispose of the Shares acquired prior to the six-month anniversary of the Date of Grant.

NOTIFICATIONS

Securities Law Notice. *WARNING: The Restricted Stock Units and the Shares issued upon vesting do not constitute a public offering of securities under Hong Kong law and are available only to certain Service Providers. The Award Agreement, including this Addendum, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. In addition, the documents have not been reviewed by any regulatory authority in Hong Kong. The Restricted Stock Units are intended only for the personal use of each Participant and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Award*

Agreement, including this Addendum, or the Plan, Participant should obtain independent professional advice.

HUNGARY

There are no country-specific provisions.

INDIA

NOTIFICATIONS

Exchange Control Information. Participant must repatriate any proceeds from the sale of Shares acquired under the Plan or the receipt of any dividends paid on such Shares to India and convert the proceeds into local currency within such period of time as required under applicable regulations. Participant will receive a foreign inward remittance certificate (“FIRC”) from the bank where Participant deposits the foreign currency. Participant should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Service Recipient requests proof of repatriation. Participant acknowledges that it is Participant’s responsibility to comply with applicable exchange control laws in India. Participant also agrees to provide any information that may be required by the Company or the Service Recipient to make any applicable filings under exchange control laws in India.

INDONESIA

TERMS AND CONDITIONS

Language Consent and Notification. By accepting the Restricted Stock Units, Participant (i) confirms having read and understood the documents relating to the grant (*i.e.*, the Notice of Grant, the Plan and the Award Agreement) which were provided in the English language, (ii) accepts the terms of those documents accordingly, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation.

Persetujuan dan Pemberitahuan Bahasa. Dengan menerima pemberian Unit Saham Terbatas ini, Peserta (i) memberikan konfirmasi bahwa dirinya telah membaca dan memahami dokumen- dokumen berkaitan dengan pemberian ini (yaitu, Pemberitahuan Pemberian, Perjanjian Penghargaan dan Program) yang disediakan dalam Bahasa Inggris, (ii) menerima persyaratan di dalam dokumen-dokumen tersebut, dan (iii) setuju untuk tidak mengajukan keberatan atas keberlakuan dari dokumen ini berdasarkan Undang-Undang No. 24 Tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan ataupun Peraturan Presiden sebagai pelaksanaannya.

NOTIFICATIONS

Exchange Control Information. Indonesian residents are obliged to provide the Indonesian central bank (Bank Indonesia) with information on foreign exchange activities. If there is any change to foreign assets held (including Shares acquired under the Plan), Participant must report such change online through Bank Indonesia’s website no later than the 15th day of the month following the month in which the foreign exchange activity took place.

In addition, if Participant remits proceeds from the sale of Shares or the receipt of any dividends paid on such Shares into Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to Bank Indonesia for statistical reporting purposes. For transactions that equal or exceed a certain threshold (currently US\$10,000), a more detailed description of the transaction must be included in the report and Participant may be required to provide information about the transaction to the bank in order to complete the transaction.

IRELAND

NOTIFICATIONS

Director Notification Obligation. Directors, shadow directors or secretaries of an Irish Parent or Subsidiary must notify the Irish Parent or Subsidiary in writing if they receive or dispose of an interest in the Company representing more than 1% of the Company’s voting share capital (*e.g.*, Restricted Stock Unit granted under the Plan, Shares, etc.), if they become aware of the event giving rise to the notification requirement or if they become a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of the spouse or children under the age of 18 of the director, shadow director or secretary (whose interests will be attributed to the director, shadow director or secretary).

ISRAEL

TERMS AND CONDITIONS

Data Privacy. The following provision supplements the Data Privacy Provision set forth above:

Participant hereby authorizes the Company, the Trustee and their representatives to collect, use and transfer all relevant information regarding Participant and the Restricted Stock Units to all Company personnel and agents and or third parties involved in the administration of the Plan and/or in the event of a corporate financing, merger, acquisitions and/or business transfers, including transfers outside of Israel and further transfers thereafter.

Capital Gains Track Trustee Award. *The following provisions apply if Participant is deemed to be a resident of the State of Israel for tax purposes or is otherwise subject to taxation in Israel with respect to the Restricted Stock Unit on the Date of Grant.*

Capitalized terms used but not defined in these provisions or the Plan or the Award Agreement shall have the meanings ascribed to them in the Sub-Plan to the Plan for Israeli Participants (the “Israel Sub-Plan”).

By accepting the Restricted Stock Units, Participant acknowledges and agrees that the Restricted Stock Units are subject to the Plan, the Israel Sub-Plan and Sections 102(b)(2) and (3) of the ITO, the Rules, and the Trust Agreement, a copy of which has been made available to Participant. Participant confirms that (a) Participant is familiar with the terms and provisions of Section 102 of the ITO, particularly the capital gains track described in subsection (b)(2) and (3) thereof, and agrees not to require the Trustee to release the Restricted Stock Units or to sell or transfer the Restricted Stock Units to Participant or any third party unless permitted to do so by Applicable Laws; (b) the terms and restrictions set forth in the Israel Sub-Plan will apply to the Restricted Stock Units in all respects, including without limitation with respect to mandatory withholding requirements for Tax-Related Items, and the rights and authorities of the Company, the Service Recipient and the Trustee with respect thereto, and (c) the Company, its affiliates, assignees and successors shall be under no duty to ensure, and no representation or commitment is made, that the Restricted Stock Units qualify or shall qualify under any particular tax treatment.

Participant further acknowledges and agrees that Restricted Stock Units and any Shares issued upon vesting thereof shall be deposited with the Trustee, or shall be subject to a supervisory trustee arrangement approved by the ITA for the Trustee, in order to comply with the requirements of the capital gains track under Sections 102(b)(2) and (3) of the ITO.

Participant hereby undertakes to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation to the Plan, Restricted Stock Units or Shares issued thereunder.

Settlement of Restricted Stock Units and Sale of Shares. *The following provisions apply if Participant was not an Israeli tax resident at the time of grant of the Restricted Stock Units and if the Restricted Stock Units do not qualify as Section 102 capital gains trustee track grants:*

Unless otherwise determined by the Administrator, Participant agrees to the immediate sale of all Shares issued upon vesting of the Restricted Stock Units. Participant agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on Participant’s behalf pursuant to this authorization), and Participant expressly authorizes the Company’s designated broker to complete the sale of such Shares. Participant agrees to sign any forms and/or consents required by the Company’s designated broker to effectuate the sale of Shares. Participant acknowledges that the Company’s designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Participant the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

NOTIFICATIONS

Securities Law Information. The Company has obtained an exemption to the prospectus filing requirement from the Israeli Securities Authority. Accordingly, Restricted Stock Units will be granted

pursuant to an exemption from filing a Plan prospectus granted to the Company by the Israeli Securities Authority. Copies of the Plan and Form S-8 registration statement for the Plan filed with the U.S. Securities and Exchange Commission are available from the Company.

ITALY

TERMS AND CONDITIONS

Acknowledgement. Participant acknowledges that he or she has read and specifically and expressly approves the following sections of the Agreement: Section 7 - Withholding of Taxes, Section 10 - Nature of Grant, Section 19 - Electronic Delivery and Participation, Section 21 - Agreement Severable, Section 24 - Forfeiture or Clawback, Section 25 - Governing Law and Venue, Section 26 - Language and Section 27 - Imposition of Other Requirements. In addition, Participant acknowledges that he or she has

read and understands the Data Privacy Provisions for Participants in the European Union / European Economic Area / Switzerland / United Kingdom above in this Addendum.

JAPAN

There are no country-specific provisions.

KENYA

NOTIFICATIONS

Tax Registration Information. Under the Tax Procedure Act, 2015, Participant is required to complete and submit a tax registration application to the Commissioner of Income Tax within 30 days of first vesting of the Restricted Stock Units. The registration should be completed through the online portal “I TAX” and is a one-time only registration. Participant is solely responsible for ensuring compliance with all registration requirements in Kenya.

KOREA

Exchange Control Information. Korean residents may need to file a report with a Korean foreign exchange bank if the Korean resident sells Shares acquired under the Plan and/or receives cash dividends in excess of a certain threshold (currently US\$5,000) (per transaction) and deposits the proceeds into a non-Korean bank account. The reporting is not required if proceeds are deposited into a non-Korean brokerage account. Participant is responsible for complying with any applicable exchange control reporting obligations in Korea and Participant should consult with his or her personal legal advisor to determine his or her personal reporting obligations.

KUWAIT

NOTIFICATIONS

Securities Law Information. The Plan does not constitute the marketing or offering of securities in Kuwait pursuant to Law No. 7 of 2010 as amended (establishing the Capital Markets Authority) and its implementing regulations.

LATVIA

There are no country-specific provisions.

LITHUANIA

TERMS AND CONDITIONS

Language Consent. By accepting the Restricted Stock Units, Participant unambiguously and irrevocably confirms having read and understood the documents relating to the Restricted Stock Units (the Plan and the Award Agreement), which were prepared and provided in English language. Participant confirms and wholly accepts the terms of those documents accordingly.

Priimdamas Restricted Stock Units, Dalyvis nedviprasmiškai ir neatšaukiamai patvirtina, jog, perskaitė ir suprato dokumentus susijusius su Restricted Stock Units (Planą ir Sutarties dėl apmokėjimo Sutartį), kurie yra parengti ir pateikti anglų kalba. Atitinkamai, Dalyvis patvirtina ir visiškai sutinka su diose dokumentuose išdėstytais sąlygomis.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. Lithuanian residents holding Shares acquired under the Plan outside Lithuania (in the securities accounts open with the non-Lithuanian brokers, credit institutions or similar) have to declare their foreign accounts where such securities are held to the State Tax Inspectorate of the Republic of Lithuania (“STI”).

Tax Reporting Information. Participant must file an annual tax return providing details of income received from abroad (including income in kind, e.g., the Shares once they are obtained under the title of ownership) to the STI.

LUXEMBOURG

There are no country-specific provisions.

MALAYSIA

TERMS AND CONDITIONS

Data Privacy. The following provision replaces the Data Privacy Provisions for Participants Outside the European Union / European Economic Area / Switzerland / United Kingdom above in this Addendum:

Participant consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this Award Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Service Recipient, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Peserta bersetuju dengan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadinya seperti yang dinyatakan dalam Perjanjian Penganugerahan ini dan apa-apa bahan geran Unit Saham Terbatas oleh dan di antara, sebagaimana yang berkenaan, Penerima Perkhidmatan, Syarikat, dan mana-mana Anak Syarikat bagi tujuan eksklusif untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan tersebut.

Participant may have previously provided the Company and the Service Recipient with, and the Company and the Service Recipient may hold, certain personal information about Participant, including, but not limited to, his or her name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, the fact and conditions of Participant's participation in the Plan, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Sebelum ini, Peserta mungkin telah membekalkan Syarikat dan Penerima Perkhidmatan dengan, dan Syarikat dan Penerima Perkhidmatan mungkin memegang, maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, namanya, alamat rumah dan nombor telefon, alamat emel, tarikh lahir, insurans sosial, nombor pasport atau nombor pengenalan lain, gaji, kewarganegaraan, jawatan, apa-apa syer dalam saham atau jawatan pengarah yang dipegang dalam Syarikat, fakta dan syarat-syarat penyertaan Peserta dalam Pelan tersebut, butir-butir semua Unit Saham Terbatas atau apa-apa hak lain untuk syer dalam saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun tertunggak bagi faedah Peserta ("Data"), untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut.

Participant also authorizes any transfer of Data, as may be required, to E*TRADE Financial Services, Inc. ("E*TRADE"), which is assisting the Company with the implementation, administration and management of the Plan and/or with whom any Shares acquired upon vesting of the Restricted Stock Units are deposited. Participant acknowledges that these recipients may be located in Participant's country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections to Participant's country, which may not give the same level of protection to Data.

*Peserta juga memberi kuasa untuk membuat apa-apa pemindahan Data, sebagaimana yang diperlukan, kepada E*TRADE Financial Services, Inc. ("E*TRADE"), yang membantu Syarikat dalam pelaksanaan, pentadbiran dan pengurusan Pelan tersebut dan/atau dengan sesiapa yang mendepositkan apa-apa Saham yang diperolehi melalui pemberian hak Unit-unit Saham Terbatas. Peserta mengakui bahawa penerima-penerima ini mungkin berada di negara Peserta atau di tempat lain, dan bahawa negara penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta, yang mungkin tidak boleh memberi tahap perlindungan yang sama kepada Data.*

Participant understands that he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her human resources representative. Participant authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing Participant's participation in the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case, without cost, by contacting in writing his or her local human resources representative, filling out the individual rights request online form at <https://www.paloaltonetworks.com/legal-notices/privacy>, or by sending an email to individualrights@paloaltonetworks.com. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke the consent, his or her status and career with the Service Recipient will not be affected; the only consequence of refusing or withdrawing the consent is

Peserta faham bahawa dia boleh meminta danarai nama dan alamat mana-mana penerima Data yang berpotensi dengan menghubungi wakil sumber manusianya. Peserta memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima lain yang mungkin membantu Syarikat (masa sekarang atau pada masa depan) untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan tersebut untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan tunggal untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan tersebut. Peserta faham bahawa Data akan dipegang hanya untuk tempoh yang diperlukan untuk melaksanakan, mentadbir dan menguruskan penyertaannya dalam Pelan tersebut. Peserta faham bahawa dia boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemrosesan Data, meminta bahawa apa-apa pindaan-pindaan yang perlu dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusianya, mengisi borang dalam talian permintaan hak individu di <https://www.paloaltonetworks.com/legal-notices/privacy>, atau menghantar e-mel ke individualrights@paloaltonetworks.com. Selanjutnya, Peserta memahami bahawa dia memberikan persetujuan di

any consequence of refusing or withdrawing his consent or that the Company would not be able to grant future Restricted Stock Units or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her human resources representative.

sini secara sukarela. Jika Peserta tidak bersetuju, atau jika Peserta kemudian membatalkan persetujuannya, status dan kerjayanya dengan Penerima Perkhidmatan tidak akan terjejas; satu-satunya akibat jika tidak bersetuju atau menarik balik persetujuan adalah bahawa Syarikat tidak akan dapat memberikan Unit-unit Saham Terbatas pada masa depan atau anugerah ekuiti lain kepada Peserta atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, Peserta faham bahawa keengganan atau penarikan balik persetujuannya boleh menjejaskan keupayaannya untuk mengambil bahagian dalam Pelan tersebut. Untuk maklumat lanjut mengenai akibat keengganan untuk memberikan keizinan atau penarikan balik keizinan, Peserta fahami bahawa dia boleh menghubungi wakil sumber manusianya.

NOTIFICATIONS

Director Notification Obligation. If Participant is a director of a Malaysian Parent or Subsidiary, Participant is subject to certain notification requirements under the Malaysian Companies Act 2016. Among these requirements is an obligation to notify the Malaysian Parent or Subsidiary in writing when

Participant receives or disposes of an interest (e.g., Restricted Stock Units or Shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

MEXICO

TERMS AND CONDITIONS

Acknowledgement of the Award Agreement. By accepting the Restricted Stock Units, Participant acknowledges that he or she has received a copy of the Plan and the Award Agreement, including this Addendum, which he or she has reviewed. Participant further acknowledges that he or she accepts all the provisions of the Plan and the Award Agreement, including this Addendum. Participant also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in the “Nature of Grant” section of the Terms and Conditions of Global Restricted Stock Unit Grant, which clearly provide as follows:

- (1) Participant’s participation in the Plan does not constitute an acquired right;
- (2) The Plan and Participant’s participation in it are offered by the Company on a wholly discretionary basis;
- (3) Participant’s participation in the Plan is voluntary; and
- (4) The Company and any of its Parent and Subsidiaries are not responsible for any decrease in the value of any Shares acquired under the Plan.

Labor Law Acknowledgement and Policy Statement. By accepting the Restricted Stock Units, Participant acknowledges that the Company, with registered offices at 3000 Tannery Way, Santa Clara, CA 95054, U.S.A., is solely responsible for the administration of the Plan. Participant further acknowledges that his or her participation in the Plan, the grant of Restricted Stock Units and any acquisition of Shares under the Plan do not constitute an employment relationship between Participant and the Company because Participant is participating in the Plan on a wholly commercial basis. Based on the foregoing, Participant expressly acknowledges that the Plan and the benefits that he or she may derive from participation in the Plan do not establish any rights between Participant and the Service Recipient and do not form part of the employment conditions and/or benefits provided by the Service Recipient, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Participant’s employment.

Participant further understands that his or her participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue Participant’s participation in the Plan at any time, without any liability to Participant.

Finally, Participant hereby declares that he or she does not reserve to him- or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that he or she therefore grants a full and broad release

to the Company, its Parent, Subsidiaries, branches, representation offices, stockholders, officers, agents or legal representatives, with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Convenio de Concesión. Al aceptar las Unidades de Acciones Restringidas ("Unidades"), el Beneficiario reconoce que ha recibido y revisado una copia del Plan y del Convenio de Concesión, incluyendo este Apéndice. El Beneficiario reconoce y acepta todas las disposiciones del Plan y del Convenio de Concesión, incluyendo el apéndice. El Beneficiario también reconoce que ha leído y aprobado de forma expresa los términos y condiciones establecidos en la sección: "Nature of Grant" del Convenio de Concesión, que claramente establece lo siguiente:

- (1) La participación del Beneficiario en el Plan no constituye un derecho adquirido;
- (2) El Plan y la participación del Beneficiario en él es ofrecido por la Compañía de manera completamente discrecional;
- (3) La participación del Beneficiario en el Plan es voluntaria; y
- (4) La Compañía y su Padre y sus Subsidiarias no son responsables por ninguna disminución en el valor de las Acciones adquiridas en virtud del Plan.

Reconocimiento del Derecho Laboral y Declaración de la Política. Al aceptar el otorgamiento de las Unidades, el Beneficiario reconoce que la Compañía, con domicilio social en 3000 Tannery Way, Santa Clara, CA 95054, E.U.A., es la única responsable de la administración del Plan. Además, el Beneficiario reconoce que su participación en el Plan, la concesión de las Unidades y cualquier adquisición de Acciones en virtud del Plan no constituyen una relación laboral entre el Beneficiario y la Compañía, en virtud de que el Beneficiario está participando en el Plan sobre una base totalmente comercial. Por lo anterior, el Beneficiario expresamente reconoce que el Plan y los beneficios que puedan derivarse de su participación no establecen ningún derecho entre el Beneficiario y el Empleador y que no forman parte de las condiciones de trabajo y/o beneficios otorgados por el Empleador, y cualquier modificación del Plan o la terminación no constituirá un cambio o modificación de los términos y condiciones en el empleo del Beneficiario.

Además, el Beneficiario comprende que su participación en el Plan es el resultado de una decisión discrecional y unilateral de la Compañía, por lo que la misma se reserva el derecho absoluto de modificar y/o suspender la participación del Beneficiario en el Plan en cualquier momento, sin responsabilidad alguna del Beneficiario.

Finalmente, el Beneficiario manifiesta que no se reserva acción o derecho alguno que origine una demanda en contra de la Compañía, por cualquier indemnización o daño relacionado con las disposiciones del Plan o de los beneficios otorgados en el mismo, y en consecuencia el Beneficiario libera de la manera más amplia y total de responsabilidad a la Compañía, sus padre, subsidiarias, sucursales,

oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

NOTIFICATIONS

Securities Law Information. The Restricted Stock Units granted, and any Shares acquired, under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, Award Agreement and any other document relating to the Restricted Stock Units may not be publicly distributed in Mexico. These materials are addressed to Participant because of his or her existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but rather a private placement of securities addressed specifically to individuals who are present Service Providers made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

NOTIFICATIONS

Securities Law Information. WARNING: Participant is being offered Restricted Stock Units which, if vested, will entitle Participant to acquire Shares in accordance with the terms of the Award Agreement and the Plan. The Shares, if issued, will give Participant a stake in the ownership of the Company. Participant may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, Participant will be paid only after all creditors have been paid. Participant may lose some or all of Participant's investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Participant may not be given all the information usually required. Participant will also have fewer other legal protections for this investment. Participant should ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on The Nasdaq Global Select Market ("Nasdaq"). This means that if Participant acquires Shares under the Plan, Participant may be able to sell the Shares on the Nasdaq if there

are interested buyers. Participant may get less than Participant invested. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, Participant should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at <http://investors.paloaltonetworks.com/>.

NIGERIA

There are no country-specific provisions.

NORWAY

There are no country-specific provisions.

PANAMA

NOTIFICATIONS

Securities Law Information. The Restricted Stock Units and any underlying Shares issued at vesting are not subject to registration under Panamanian law as they are not intended for the public, but solely for Participant's benefit.

PERU

TERMS AND CONDITIONS

Labor Law Acknowledgment. By accepting the Restricted Stock Units, Participant acknowledges that the Restricted Stock Units are being granted *ex gratia* to Participant with the purpose of rewarding Participant.

NOTIFICATIONS

Securities Law Information. The offer of Restricted Stock Units is considered a private offering in Peru. Therefore, it is not subject to registration.

PHILIPPINES

TERMS AND CONDITIONS

Necessary Approvals. The offering of the Plan and the grant of the Restricted Stock Units may be subject to certain securities approval/confirmation requirements in the Philippines with the Philippine Securities and Exchange Commission. If the Company has not obtained, or does not maintain, the necessary securities approval/confirmation prior to the vesting of the Restricted Stock Units, Participant will not vest in the Restricted Stock Units and no Shares subject to the Restricted Stock Units will be issued. Restricted Stock Units shall vest and Shares shall be issued in settlement of the Restricted Stock Units only if and when all necessary securities approvals/confirmations have been obtained and are maintained.

NOTIFICATIONS

Securities Law Information. Participant should be aware of the risks of participating in the Plan, which include (without limitation) the risk of fluctuation in the price of the Shares on The Nasdaq Global Select Market and the risk of currency fluctuations between the U.S. dollar and Participant's local currency. In this regard, Participant should note that the value of any Shares Participant may acquire under the Plan may decrease after the Shares are issued, and fluctuations in foreign exchange rates between Participant's local currency and the U.S. dollar may affect the value of the Restricted Stock Units or any amounts due to Participant pursuant to the vesting of the Restricted Stock Units or the subsequent sale of any Shares acquired upon vesting. The Company is not making any representations, projections or assurances about the value of the Shares now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the Shares, Participant should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's website at <https://investors.paloaltonetworks.com/>. In addition, Participant may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company's stockholders by contacting Investor Relations at Palo Alto Networks, Inc., 3000 Tannery Way, Santa Clara, California 95054 U.S.A. and at +1 (408) 753-4000.

Participant acknowledges that he or she is permitted to sell Shares acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom Participant transfers Shares), provided that such sale takes place outside of the Philippines through the facilities of The Nasdaq Global Select Market on which the Shares are listed.

POLAND

NOTIFICATIONS

Exchange Control Information. If Participant holds foreign securities (including Shares) and maintains accounts abroad, Participant may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, Participant must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of a certain threshold (currently €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur)) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

PORTUGAL

TERMS AND CONDITIONS

Language Consent. Participant hereby expressly declares that Participant has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Agreement.

Conhecimento da Língua. *Por meio do presente, eu declaro expressamente que tem pleno conhecimento da língua inglesa e que li, compreendi e livremente aceitei e concordei com os termos e condições estabelecidas no Plano e no Acordo.*

NOTIFICATIONS

Exchange Control Information. If Participant is a resident of Portugal and he or she receives Shares, the acquisition of such Shares should be reported to the *Banco de Portugal* for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report to the Banco de Portugal. If the Shares are not deposited with a commercial bank, broker or financial intermediary in Portugal, Participant will be responsible for submitting the report to the *Banco de Portugal*.

QATAR

There are no country-specific provisions.

ROMANIA

TERMS AND CONDITIONS

Vesting Schedule. The following provision supplements Section 3 of the Terms and Conditions of Global Restricted Stock Unit Grant:

Notwithstanding anything to the contrary in the Notice of Grant or the Award Agreement, no part of the Restricted Stock Units will vest until the one-year anniversary of the Date of Grant.

Language Consent. By accepting the grant of Restricted Stock Units, Participant acknowledges that he or she is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Notice of Grant, the Award Agreement and the Plan), which were provided in the English language. Participant accepts the terms of those documents accordingly.

Consimtament cu privire la limba. Prin acceptarea acordarii de RSU-uri, Participantul confirma ca acesta sau aceasta are un nivel adecvat de cunoastere in ce priveste citirea si intelegerea limbii engleze, a citit si confirma ca a inteles pe deplin termenii documentelor referitoare la acordare (Anuntul, Acordul RSU si Planul), care au fost furnizate in limba engleza. Participantul accepta termenii acestor documente in consecinta.

NOTIFICATIONS

Exchange Control Information. If Participant deposits the proceeds from the sale of Shares acquired under the Plan into a bank account in Romania, Participant may be required to provide the Romanian bank with appropriate documentation explaining the source of the funds. Participant understands that Participant should consult with Participant's personal legal advisor to determine whether Participant will be required to submit such documentation to the Romanian bank.

SAUDI ARABIA

NOTIFICATIONS

Securities Law Information. The Award Agreement and related plan documents may not be distributed in Saudi Arabia except to such persons as are permitted under the Offers of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of the Award Agreement, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Award Agreement. Prospective purchasers of the

securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If Participant does not understand the contents of the Award Agreement, Participant should consult an authorized financial adviser.

SINGAPORE

TERMS AND CONDITIONS

Sale of Shares. For any Restricted Stock Units that vest within six months of the Date of Grant, Participant agrees that he or she will not sell or offer to sell the Shares acquired prior to the six-month anniversary of the Date of Grant, unless such sale or offer to sell in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

NOTIFICATIONS

Securities Law Information. The grant of the Restricted Stock Units under the Plan is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA and not with a view to the Restricted Stock Units being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Obligation. If Participant is a director, associate director or shadow director of a Singaporean Parent or Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean Parent or Subsidiary in writing when (i) Participant receives an interest (e.g., Shares) in the Company or any related companies or (ii) Participant sells or receives Shares of the Company or any related company (including when Participant sells or receives Shares acquired under the Plan). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming a director.

SLOVENIA

TERMS AND CONDITIONS

Language Consent. By accepting the grant of Restricted Stock Units, Participant acknowledges that he or she is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Notice of Grant, the Award Agreement and the Plan), which were provided in the English language. Participant accepts the terms of those documents accordingly.

Soglasje za Uporabo Angleškega Jezika. S sprejetjem dodelitve RSU Udeleženec (Participant) priznava in potrjuje, da je sposoben brati in razumeti angleški jezik ter v celoti razume pogoje

dokumentov, povezanih z dodelitvijo (Obvestilo (Notice of Grant), pogodba (Award Agreement) in Najrt (Plan)), ki so bili posredovani v angleškem jeziku. Udeleženec skladno s tem sprejema pogoje teh dokumentov.

SOUTH AFRICA

TERMS AND CONDITIONS

Withholding of Taxes. The following provision supplements Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant:

By accepting the Restricted Stock Units, Participant agrees to immediately notify the Service Recipient of the amount of any gain realized upon vesting of the Restricted Stock Units. If Participant fails to advise the Service Recipient of the gain realized upon vesting of the Restricted Stock Units, then he or she may be liable for a fine. Participant will be responsible for paying the difference between the actual tax liability and the amount withheld by the Company or the Service Recipient.

NOTIFICATIONS

Securities Law Information. The documents listed below are available for Participant’s review on the Company’s website at <http://investors.paloaltonetworks.com> and the Company’s intranet:

1. The Company’s most recent annual financial statements; and
2. The Company’s most recent Plan prospectus.

A copy of the above documents will be sent to Participant free of charge on written request to equity@paloaltonetworks.com.

Participant should carefully read the materials provided before making a decision whether to participate in the Plan. In addition, Participant should contact his or her tax advisor for specific information concerning Participant's personal tax situation with regard to Plan participation.

Exchange Control Information. By accepting the Restricted Stock Units, Participant acknowledges that Participant is solely responsible for complying with applicable South African exchange control regulations. Since the exchange control regulations change frequently and without notice, Participant should consult Participant's legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. As noted, it is Participant's responsibility to comply with South African exchange control laws, and neither the Company nor any Parent or Subsidiary will be liable for any fines or penalties resulting from Participant's failure to comply with Applicable Laws.

SPAIN

TERMS AND CONDITIONS

Labor Law Acknowledgment. This section supplements Section 10 of the Terms and Conditions of Global Restricted Stock Unit Grant:

In accepting the Restricted Stock Units, Participant acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

Participant understands that the Company has unilaterally, gratuitously, and discretionally decided to grant Restricted Stock Units under the Plan to individuals who may be Service Providers throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that (i) any grant will not economically or otherwise bind the Company or any Parent or Subsidiary on an ongoing basis (i.e., it is not to be considered an acquired right or a more beneficial condition to be repeated in the future); (ii) the Restricted Stock Units or the Shares acquired upon vesting shall not become a part of any employment or service contract (either with the Company or any Parent or Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation), or any other right whatsoever; and (iii) unless otherwise provided in the Terms and Conditions of Global Restricted Stock Unit Grant, the Restricted Stock Units will cease vesting upon the termination of Participant's status as a Service Provider (as detailed in the following paragraph). In addition, Participant understands that this grant would not be made to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Restricted Stock Units shall be null and void.

Further, the vesting of the Restricted Stock Units is expressly conditioned on Participant's continued and active rendering of service, such that unless otherwise provided in the Terms and Conditions of Global Restricted Stock Unit Grant, if Participant's status as a Service Provider terminates for any reason whatsoever, the Restricted Stock Units will cease vesting immediately effective on the date of Participant's termination of status as a Service Provider. This will be the case, for example, even if (1) Participant is considered to be unfairly dismissed without good cause; (2) Participant is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) Participant terminates service due to a change of work location, duties or any other employment or contractual condition; (4) Participant terminates service due to a unilateral breach of contract by the Company or any Parent or Subsidiary; or (5) Participant's status as a Service Provider terminates for any other reason whatsoever (except death).

NOTIFICATIONS

Securities Law Information. The Restricted Stock Units described in the Plan and the Award Agreement, including this Addendum, do not qualify under Spanish regulations as a security. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Plan and the Award Agreement, including this Addendum, have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and they do not constitute a public offering prospectus.

Exchange Control Information. When receiving foreign currency payments in excess of a certain threshold (currently €50,000 per type of asset or right) derived from the ownership of Shares (e.g., as a result of the sale of the Shares or the receipt of dividends), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. Participant will likely need to provide the institution with the following information: (i) Participant's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that may be required.

Further, Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed a certain threshold (currently €1,000,000). Different thresholds and deadlines to file this declaration apply. However, if neither such transactions during the immediately preceding year nor the balances / positions as of December 31 exceed a certain threshold (currently €1,000,000), no such declaration must be filed unless expressly required by the Bank of Spain. If any of such thresholds were exceeded during the current year, Participant may be required to file the relevant declaration corresponding to the prior year, however, a summarized form of declaration may be available. Participant should consult his or her personal tax or legal advisor for further information regarding these exchange control reporting obligations.

SWEDEN

TERMS AND CONDITIONS

Authorization to Withhold. The following provision supplements Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant:

Without limiting the Company's and the Service Recipient's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant, by accepting the grant of the Restricted Stock Units, Participant authorizes the Company and/or the Service Recipient to withhold Shares or to sell Shares otherwise deliverable to Participant upon vesting to satisfy Tax-Related Items, regardless of whether the Company and/or the Service Recipient have an obligation to withhold such Tax-Related Items.

SWITZERLAND

NOTIFICATIONS

Securities Law Information. Neither this document nor any other materials relating to the Restricted Stock Units (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than a Service Provider, or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any other Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

TAIWAN

TERMS AND CONDITIONS

Data Privacy. Participant hereby acknowledges that he or she has read and understands the terms regarding the collection, processing and transfer of Data contained in the Data Privacy Provisions for Participants Outside the European Union / European Economic Area / Switzerland / United Kingdom above in this Addendum and, by participating in the Plan, agrees to such terms. In this regard, upon request of the Company or the Service Recipient, Participant agrees to provide any executed data privacy consent form (or any other agreements or consents that may be required by the Service Recipient or the Company) should the Company and/or the Service Recipient deem such agreement or consent necessary under applicable data privacy laws, either now or in the future. Participant understands that he or she will not be able to participate in the Plan if Participant fails to execute any such consent or agreement.

NOTIFICATIONS

Securities Law Information. The grant of the Restricted Stock Units and the Shares to be issued pursuant to the Plan are available only for certain Service Providers. It is not a public offer of securities by a Taiwanese company; therefore, it is exempt from registration in Taiwan.

Exchange Control Information. Participant may acquire and remit foreign currency (including proceeds from the Shares and any dividends paid on such Shares) into and out of Taiwan up to a certain threshold (currently US\$10,000,000) per year. If the transaction amount equals or exceeds a certain threshold (currently TWD\$500,000) in a single transaction, Participant must submit a Foreign Exchange Transaction Form and also provide supporting documentation to the satisfaction of the remitting bank.

THAILAND

NOTIFICATIONS

Exchange Control Information. It is Participant's responsibility to comply with all exchange control regulations in Thailand. Participant is required to immediately repatriate the proceeds from the sale of Shares or the receipt of dividends to Thailand if the proceeds realized in a single transaction exceed a certain threshold (currently US\$1,000,000), unless Participant can rely on an applicable exemption (*e.g.*, where the funds will be used offshore for any permissible purposes under exchange control regulations and the relevant form and supporting documents have been submitted to a commercial bank in Thailand). Any foreign currency repatriated to Thailand must either be converted to Thai Baht or deposited into a foreign currency deposit account within 360 days of repatriation. Any foreign currency repatriated to Thailand must be reported to the Bank of Thailand on a Foreign Exchange Transaction Form through the bank at which Participant deposits or converts the proceeds.

TUNISIA

NOTIFICATIONS

Exchange Control Information. Participant may be required to obtain prior authorization from the Central Bank of Tunisia ("CBT") for the acquisition for Shares under the Plan. For this reason, Participant should consult Participant's personal legal advisor prior to vesting and settlement regarding Participant's participation in the Plan.

If Participant holds assets (including Shares acquired under the Plan) outside of Tunisia and the value of such assets exceeds a certain threshold, Participant must declare the assets to the CBT within six months of their acquisition. All proceeds from the sale of Shares or the receipt of any dividends paid under the Plan must be repatriated to Tunisia. As noted above, Participant should consult his or her personal legal advisor before taking action with respect to the remittance of proceeds into Tunisia. Participant is solely responsible for ensuring compliance with applicable exchange control laws in Tunisia and neither the Company nor the Service Recipient will be liable for any non-compliance by Participant.

TÜRKIYE

NOTIFICATIONS

Securities Law Information. By accepting the Restricted Stock Units and participating in the Plan, Participant acknowledges that Participant understands that the Shares acquired under the Plan cannot be sold in Türkiye. The Shares are currently traded on The Nasdaq Global Select Market, which is located outside of Türkiye, under the ticker symbol "PANW" and the Shares may be sold through this exchange.

Financial Intermediary Information. Activity related to investments in foreign securities (*e.g.*, the sale of Shares acquired under the Plan) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. Participant understands that Participant is solely responsible for complying with this requirement and should contact his or her personal legal advisor for further information regarding his or her obligations in this respect.

UKRAINE

NOTIFICATIONS

Exchange Control Information. Participant is responsible for complying with all applicable exchange control regulations in Ukraine. *Participant should consult with his or her personal legal advisor to ensure compliance with the applicable requirements.*

UNITED ARAB EMIRATES

TERMS AND CONDITIONS

Nature of Grant. The following provision supplements Section 10 of the Terms and Conditions of Global Restricted Stock Unit Grant:

Participant acknowledges that the Restricted Stock Units and related benefits do not constitute a component of Participant's "wages" for any legal purpose. Therefore, the Restricted Stock Units and related benefits will not be included and/or considered for

purposes of calculating any and all labor benefits, such as social insurance contributions and/or any other labor-related amounts which may be payable.

NOTIFICATIONS

Securities Law Information. Participation in the Plan is being offered only to selected Service Providers and is in the nature of providing equity incentives to Service Providers in the United Arab Emirates (“UAE”). The Plan and the Award Agreement are intended for distribution only to such Service Providers and must not be delivered to, or relied on by, any other person. Participant should conduct his or her own due diligence on the Shares. If Participant does not understand the contents of the Plan and the Award Agreement, Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. No other UAE authority or governmental agency has approved the Plan or the Award Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

UNITED KINGDOM

TERMS AND CONDITIONS

Form of Payment. Notwithstanding any discretion contained in the Plan but without prejudice to Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant, the grant of Restricted Stock Units does not provide any right for Participant to receive a cash payment, and the Restricted Stock Units are payable in Shares only.

Joint Election for Transfer of Liability for Employer National Insurance Contributions. As a condition of participation in the Plan and the vesting of the Restricted Stock Units, Participant agrees to accept any liability for secondary Class 1 National Insurance contributions that may be payable by the Company, the Service Recipient, any Parent or Subsidiary in connection with the Restricted Stock Units and any event giving rise to Tax-Related Items (the “Employer NICs”). Without prejudice to the foregoing, Participant agrees to execute a joint election with the Company or the Service Recipient, the form of such joint election (the “Joint Election”) having been approved formally by HM Revenue and Customs (“HMRC”), and any other required consent or election prior to vesting of the Restricted Stock Units. Participant further agrees to execute such other joint elections as may be required between Participant and any successor to the Company, the Service Recipient, any Parent or Subsidiary. Participant further agrees that the Company, the Service Recipient, any Parent or Subsidiary may collect the Employer NICs from

Participant by any of the means set forth in Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant or the Joint Election.

If Participant does not enter into a Joint Election, if approval of the Joint Election has been withdrawn by HMRC, if the Joint Election is revoked by the Company or the Service Recipient (as applicable), or if the Joint Election is jointly revoked by Participant and the Company or the Service Recipient (as applicable), Participant will not be entitled to vest in the Restricted Stock Units and no Shares will be issued to Participant under the Plan, without any liability to the Company, the Service Recipient, or any Parent or Subsidiary.

Responsibility for Taxes. Without limitation to Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Service Recipient or by HMRC (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Service Recipient against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant’s behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), Participant may not be able to indemnify the Company or the Service Recipient for the amount of any income tax not collected from or paid by Participant, as it may be considered a loan. In this case, the amount of any income tax not collected may constitute an additional benefit to Participant on which additional income tax and NICs may be payable. Participant understands that Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company and/or Service Recipient for the value of any employee NICs due on this additional benefit, which may be obtained from Participant by the Company or the Service Recipient by any of the means referred to in Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant.

VIETNAM

TERMS AND CONDITIONS

The following provisions apply if Participant is subject to exchange control restrictions and requirements in Vietnam, including the requirements imposed by the State Bank of Vietnam as determined by the Company in its sole discretion:

Settlement of Restricted Stock Units. Unless otherwise determined by the Administrator, Participant is not entitled to receive any Shares upon vesting of the Restricted Stock Units due to exchange control regulations in Vietnam. This means that upon vesting of the Restricted Stock Units, Participant will receive a cash payment equal to the value of the underlying Shares at vesting, less any Tax-Related Items and broker's fees or commissions, which will be remitted to Participant via local payroll. Any references in the Plan and this Award Agreement to the issuance of Shares shall not apply to Participant.

NICS JOINT ELECTION FOR UK PARTICIPANTS FOR THE PALO ALTO NETWORKS, INC. 2021 EQUITY INCENTIVE PLAN

Important Note on the Election to Transfer Employer NICs (the "Election")

As a condition of your participation in the Palo Alto Networks, Inc. 2021 Equity Incentive Plan (the "Plan"), you are required to enter into the Election to transfer to you any liability for employer National Insurance contributions ("Employer NICs") that may arise in connection with your participation in the Plan.

By accepting your award (the "Award") (whether by signing the applicable award agreement or via the Company's online acceptance procedures) or by separately accepting the Election (whether in hard copy or electronically), you indicate your acceptance to transfer Employer NICs and to be bound by the terms of the Election. You should read this important note and the Election in their entirety before accepting the applicable award agreement and the Election. Please print and keep a copy of the Election for your records.

By entering into the Election:

- you agree that any liability for Employer NICs that may arise in connection with your participation in the Plan will be transferred to you;
- you authorise your employer to recover an amount sufficient to cover this liability by such methods as set forth in Section 7 of the Terms and Conditions of Global Restricted Stock Unit Grant and/or this Election including, but not limited to, deductions from your salary or other payments due or the sale of sufficient shares acquired pursuant to your Award; and
- you acknowledge that the Company or your employer may require you to sign a paper copy of this Election (or a substantially similar form) if the Company determines such is necessary to give effect to the Election even if you have accepted the applicable award agreement or the Election through the Company's electronic acceptance procedure.

Joint Election for Transfer of Liability for Employer National Insurance Contributions
to Employee

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorised access to this Election (the "**Employee**"), who is employed by one of the employing companies listed in the attached schedule (the "**Employer**") and who is eligible to receive restricted stock units (the "**Awards**") pursuant to the Palo Alto Networks, Inc. 2021 Equity Incentive Plan (the "**Plan**"), and
- B. Palo Alto Networks, Inc., a Delaware corporation, with registered offices at 3000 Tannery Way, Santa Clara, CA 95054, U.S.A. (the "**Company**"), which may grant Awards under the Plan and is entering into this Election on behalf of the Employer.

1. Introduction

1.1 This Election relates to all Awards granted to the Employee under the Plan up to the termination date of the Plan.

1.2 In this Election the following words and phrases have the following meanings:

(a) “**Chargeable Event**” means any event giving rise to Relevant Employment Income.

(b) “**ITEPA**” means the Income Tax (Earnings and Pensions) Act 2003.

(c) “**Relevant Employment Income**” from Awards on which Employer’s National Insurance Contributions becomes due is defined as:

(i) an amount that counts as employment income of the earner under section 426 ITEPA (restricted securities: charge on certain post-acquisition events);

(ii) an amount that counts as employment income of the earner under section 438 of ITEPA (convertible securities: charge on certain post-acquisition events); or

(iii) any gain that is treated as remuneration derived from the earner’s employment by virtue of section 4(4)(a) SSCBA, including without limitation:

(A) the acquisition of securities pursuant to the Awards (within the meaning of section 477(3)(a) of ITEPA);

(B) the assignment (if applicable) or release of the Awards in return for consideration (within the meaning of section 477(3)(b) of ITEPA);

(C) the receipt of a benefit in connection with the Awards, other than a benefit within (i) or (ii) above (within the meaning of section 477(3)(c) of ITEPA).

(d) “**SSCBA**” means the Social Security Contributions and Benefits Act 1992.

1.3 This Election relates to the Employer’s secondary Class 1 National Insurance Contributions (the “**Employer’s Liability**”) which may arise in respect of Relevant Employment Income in respect of the Awards pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer’s Liability that arises on any Relevant Employment Income is hereby transferred to the Employee. The Employee understands that, by signing this Election (including by electronic signature process) or by accepting the Awards (including by electronic acceptance process if made available by the Company), as applicable, he or she will become personally liable for the Employer’s Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

3. Payment of the Employer’s Liability

3.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer’s Liability in respect of any Relevant Employment Income from the Employee at any time after the Chargeable Event:

- (a) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
- (b) directly from the Employee by payment in cash or cleared funds; and/or
- (c) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Awards, the proceeds from which must be delivered to the Employer in sufficient time for payment to be made to HM Revenue & Customs (“HMRC”) by the due date; and/or
- (d) where the proceeds of the gain are to be paid through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the Awards; and/or
- (e) by any other means specified in the applicable Restricted Stock Unit agreement entered into between the Employee and the Company.

3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Awards until full payment of the Employer’s Liability is received.

3.3 The Company agrees to procure the remittance by the Employer of the Employer’s Liability to HMRC on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days after the end of the UK tax month during which the Chargeable Event occurs if payments are made electronically).

4. Duration of Election

4.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer’s Liability becomes due.

4.2 Any reference to the Company and/or the Employer shall include that entity’s successors in title and assigns as permitted in accordance with the terms of the Plan and relevant award agreement. This Election will continue in effect in respect of any awards which replace the Awards in circumstances where section 483 of ITEPA applies.

4.3 This Election will continue in effect until the earliest of the following:

- (a) the date on which the Employee and the Company agree in writing that it should cease to have effect;
- (b) the date on which the Company serves written notice on the Employee terminating its effect;
- (c) the date on which HMRC withdraws approval of this Election; or
- (d) the date on which, after due payment of the Employer’s Liability in respect of the entirety of the Awards to which this Election relates or could relate, the Election ceases to have effect in accordance with its own terms.

4.4 This Election will continue in force regardless of whether the Employee ceases to be an employee of the Employer.

Acceptance by the Employee

The Employee acknowledges that, by signing this Election (including by electronic signature process) or by accepting the Awards (including by electronic acceptance process if made available by the Company), the Employee agrees to be bound by the terms of this Election.

Employee:

Acceptance by the Company

The Company acknowledges that, by signing this Election (including by electronic signature process) or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on behalf of the Company

PALO ALTO NETWORKS, INC.

By:

Title:

Date:

Schedule of Employer Companies

The employing companies to which this Election relates include:

Name	Palo Alto Networks (UK) Limited
Registered Office:	22 Bishopsgate, Level 55, London, EC2N 4BQ, England
Company Registration Number:	06851390
Corporation Tax Reference:	14747 26068
PAYE Tax District	120 – North East Metropolitan
PAYE Reference:	120/PH00260439

Name	Palo Alto Networks FS International Limited
Registered Office:	22 Bishopsgate, Level 55, London, EC2N 4BQ, England
Company Registration Number:	13789823
Corporation Tax Reference:	26559 18447
PAYE Tax District	120 – North East Metropolitan
PAYE Reference:	120/TE66757

PALO ALTO NETWORKS, INC.

2012 EMPLOYEE STOCK PURCHASE PLAN

(as amended and restated December 12, 2024)

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company intends for the Plan to have two components: a Code Section 423 Component (“423 Component”) and a Non-Code Section 423 Component (“Non-423 Component”). The Company’s intention is to have the 423 Component of the Plan qualify as an “employee stock purchase plan” under Section 423 of the Code. The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of an option to purchase shares of Common Stock under the Non-423 Component that does not qualify as an “employee stock purchase plan” under Section 423 of the Code; such an option will be granted pursuant to rules, procedures or subplans adopted by the Administrator designed to achieve tax, securities laws or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. Definitions.

(a) “Administrator” means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) “Affiliate” means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.

(c) “Applicable Laws” means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(d) “Board” means the Board of Directors of the Company.

(e) “Change in Control” means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group (“Person”), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12)-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company’s assets which occurs on the date that any Person acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection, the following will not constitute a change in the ownership of a substantial portion of the Company’s assets: (A) a transfer to an entity that is controlled by the Company’s stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company’s stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person

described in this subsection (iii)(B)(3). For purposes of this subsection, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final U.S. Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(h) "Common Stock" means the common stock of the Company.

(i) "Company" means Palo Alto Networks, Inc., a Delaware corporation, or any successor thereto.

(j) "Compensation" means an Eligible Employee's base straight time gross earnings, payments for overtime and shift premium, but exclusive of payments for commissions, incentive compensation, bonuses and other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

(k) "Contributions" means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) "Designated Company" means any Subsidiary or Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however, that at any given time, a Subsidiary that is a Designated Company under the 423 Component shall not be a Designated Company under the Non-423 Component.

(m) "Director" means a member of the Board.

(n) "Eligible Employee" means any individual who is providing services to the Company or a Designated Company as an employee and is considered by the Company or a Designated Company to be an employee and who meets any minimum service limitations determined under the methodology specified below. For purposes of clarity, the term "Eligible Employee" shall not include the following, regardless of any subsequent reclassification as an employee by the Company or a Designated Company, any governmental agency, or any court: (i) any independent contractor; (ii) any consultant; (iii) any individual performing services for the Company or a Designated Company who has entered into an independent contractor or consultant agreement with the Company or a Designated Company; (iv) any individual performing services for the Company or a Designated Company under a purchase order, a supplier agreement or any other agreement that the Company or a Designated Company enters into for services; (v) any individual classified by the Company or a Designated Company as contract labor (such as contractors, contract employees, job shoppers), regardless of length of service; (vi) any individual whose base wage or salary is not processed for payment by the payroll department(s) or payroll provider(s) of the Company or a Designated Company; and (vii) any leased employee within the meaning of Code Section 414(n), including such persons leased from a professional employer organization. The exclusive means for individuals who are not contemporaneously classified as employees of the Company or a Designated Company on the Company's or Designated Company's payroll system on an Enrollment Date to become eligible to participate in the Plan is through the adoption of a subplan that specifically designates such individuals eligible to participate.

For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave.

The Administrator retains the authority to revise the definition of Eligible Employee (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2). Accordingly, the Administrator, in its

discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering in an identical manner to all highly compensated individuals of the Employer whose Employees are participating in that Offering. Until subsequent action is taken by the Administrator, to be an Eligible Employee an individual must be customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering or for Eligible Employees participating in the Non-423 Component. Each exclusion shall be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii).

(o) “Employer” means the employer of the applicable Eligible Employee(s).

(p) “Enrollment Date” means the first Trading Day of each Offering Period.

(q) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) “Exercise Date” means the first Trading Day on or after February 28 and August 31 of each Purchase Period. Notwithstanding the foregoing, the first Exercise Date following the Restatement Effective Date will be February 28, 2018.

(s) “Fair Market Value” means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, its Fair Market Value will be the closing sales price for such stock as quoted on such exchange or system on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

(t) “Fiscal Year” means the fiscal year of the Company.

(u) “New Exercise Date” means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) “Offering” means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(w) “Offering Periods” means the periods of approximately twenty-four (24) months during which an option granted pursuant to the Plan may be exercised, (i) commencing on the first Trading Day on or after February 28 and August 31 of each year and terminating on the first Trading Day on or after August 31 and February 28, approximately twenty-four (24) months later (subject to Section 30); for clarity, the first Offering Period following the Restatement Effective Date will commence on September 18, 2017 and end on the first Trading Date on or after August 31, 2019. The duration and timing of Offering Periods may be changed pursuant to Sections 4 and 20.

(x) “Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) “Participant” means an Eligible Employee who participates in the Plan.

(z) “Plan” means this Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan.

(aa) “Purchase Period” means the period during an Offering Period which shares of Common Stock may be purchased on a Participant’s behalf in accordance with the terms of the Plan. Unless the Administrator provides otherwise, for Offering Periods commencing on or after the Restatement Effective Date, the Purchase Period shall mean the approximately six (6)-month period commencing on one Exercise Date and ending with the next Exercise Date, except that the first Purchase Period of any Offering Period shall commence on the Enrollment Date and end with the next Exercise Date.

(bb) “Purchase Price” means an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or pursuant to Section 20.

(cc) “Restatement Effective Date” means August 29, 2017.

(dd) “Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ee) “Trading Day” means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(ff) “U.S. Treasury Regulations” means the Treasury regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

3. Eligibility.

(a) Enrollment. Any Eligible Employee on a given Enrollment Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

(b) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, Eligible Employees may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employees is not advisable or practicable.

(c) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars (\$25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after February 28 and August 31 of each year, or on such other date as the Administrator will determine. Notwithstanding the foregoing, the first Offering Period following the Restatement Effective Date will commence on September 18, 2017. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter; provided, however, that no Offering Period may last more than twenty-seven (27) months.

5. Participation. An Eligible Employee may participate in the Plan pursuant to Section 3(a) by (i) submitting to the Company’s stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation, which he or she receives on each pay day during the Offering Period, including any pay day that occurs on an Exercise Date. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day on or prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the end of the Enrollment Window.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. Unless otherwise determined by the Administrator, during an Offering Period, a Participant may not increase the rate of his or her Contributions and may only decrease the rate of his or her Contributions one (1) time per Purchase Period. Any such decrease during an Offering Period requires the Participant (i) properly completing and submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Administrator may, in its sole discretion, amend the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period or Purchase Period, and may establish such other conditions or limitations as it deems appropriate for Plan administration. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective as of the first full payroll period following five (5) business days after the date on which the change is made by the Participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(c), a Participant's Contributions may be decreased to zero percent (0%) at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(c) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Eligible Employees to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not permitted under applicable local law, (ii) the Administrator determines that cash contributions are permissible under Section 423 of the Code, or (iii) for Participants participating in the Non-423 Component.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than 3,750 shares of Common Stock (subject to any adjustment pursuant to Section 19) and provided further that such purchase will be subject to the limitations set forth in Sections 3(d) and 13. The Eligible Employee may accept the grant of

such option (i) with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5 on or before the last day of the Enrollment Window, and (ii) with respect to any subsequent Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period of an Offering Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account, which are not sufficient to purchase a full share will be promptly refunded to Participant as soon as reasonably practicable following an Exercise Date. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at least one (1) business day prior to an Exercise Date by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose, or (ii) following an electronic or other withdrawal procedure determined by the Administrator. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 6,000,000 shares of Common Stock, plus an annual increase to be added on the first day of each Fiscal Year beginning with the 2014 Fiscal Year equal to the least of (i) 12,000,000 shares of Common Stock, (ii) one percent (1%) of the outstanding shares of Common Stock on such date, or (iii) an amount determined by the Administrator.

(b) Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan). Unless otherwise determined by the Administrator, the Employees eligible to participate in each sub-plan will participate in a separate Offering or in the Non-423 Component. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator, which may be electronic. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time. Notwithstanding Sections 15(a) and (b) above, the Company and/or the Administrator may decide not to permit such designations by Participants in non-U.S. jurisdictions to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in

any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation, Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of Shares a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the U.S. Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Code Section 409A. The 423 Component of the Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Code Section 409A.

24. Term of Plan. The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 20.

25. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

26. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions).

27. No Right to Employment. Participation in the Plan by a Participant shall not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

28. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

29. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

30. Automatic Transfer to Low Price Offering Period. To the extent permitted by Applicable Laws, if the Fair Market Value of the Common Stock on any Exercise Date in an Offering Period is lower than the Fair Market Value of the Common Stock on the Enrollment Date of such Offering Period, then all participants in such Offering Period will be automatically withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

PALO ALTO NETWORKS, INC
APPENDIX – ISRAELI TAXPAYERS
2012 EMPLOYEE STOCK PURCHASE PLAN

ADOPTED
ON MAY 30, 2014

PALO ALTO NETWORKS, INC.
APPENDIX – ISRAELI TAXPAYERS
2012 EMPLOYEE STOCK PURCHASE PLAN

1. Special Provisions for Persons who are Israeli Taxpayers

1.1 This Appendix (the “**Appendix**”) to the Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan (the “**ESPP Plan**”), is effective as of May 30, 2014 (the “**Effective Date**”).

1.2 The provisions specified hereunder apply only to Eligible Employees who are subject to taxation by the State of Israel with respect to grant of rights to purchase Plan Shares under the ESPP Plan (respectively, the “**Israeli Eligible Employee**” and “**Purchase Rights**”).

1.3 This Appendix applies with respect to Purchase Rights granted under the ESPP Plan. The purpose of this Appendix is to establish certain rules and limitations applicable to Purchase Rights that may be granted under the ESPP Plan from time to time, in compliance with the securities and other applicable laws currently in force in the State of Israel. For Israeli tax purposes, such Purchase Rights are classified as options issued under the ESPP Plan. Except as otherwise provided by this Appendix, all grants made pursuant to this Appendix shall be governed by the terms of the ESPP Plan. This Appendix is applicable only to grants made after the Effective Date. This Appendix complies with, and is subject to the ITO, the ITO Rules and Section 102 (as such terms are defined below).

1.4 The ESPP Plan and this Appendix shall be read together. In any case of contradiction, whether explicit or implied, between the provisions of this Appendix and the ESPP Plan, the provisions of the ESPP Plan shall govern.

2. Definitions

Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the ESPP Plan. The following additional definitions will apply to grants made pursuant to this Appendix:

“**Affiliate**” as used in this Appendix, shall mean any Parent or Subsidiary that is an “employing company” within the meaning of Section 102(a) of the ITO.

“**Controlling Shareholder**” as defined under Section 32(9) of the ITO, means an individual who prior to the grant or as a result of the exercise of any options under the ESPP Plan, holds or would hold, directly or indirectly, in his name or with a relative (as defined in the ITO) (i) 10% of the outstanding shares of the Company, (ii) 10% of the voting power of the Company, (iii) the right to hold or purchase 10% of the outstanding equity or voting power of the Company, (iv) the right to obtain 10% of the “profit” of the Company (as defined in the ITO), or (v) the right to appoint a Director.

“**Eligible 102 Israeli Eligible Employee**” an Israeli Eligible Employee who is an employee or is serving as a director of the Company or an Affiliate, who is not a Controlling Shareholder.

“**ITA**” means the Israeli Tax Authority.

“**ITO**” means the Israeli Income Tax Ordinance (New Version) 1961 and the rules, regulations, orders or procedures promulgated thereunder and any amendments thereto, including specifically the ITO Rules, all as may be amended from time to time.

“**ITO Rules**” means the Income Tax Rules (Tax Benefits in Share Issuance to Employees) 5763-2003.

“**Non-Trustee Grant**” means a Purchase Right granted to an Israeli Eligible Employee pursuant to Section 102(c) of the ITO and not held in trust by a Trustee.

“**Section 102**” means the provisions of Section 102 of the ITO, as amended from time to time.

“**Section 3(i)**” means Section 3(i) of the ITO, as amended from time to time.

“**Shares**” means Plan Shares issued upon the exercise of Purchase Rights under the ESPP Plan.

3. Non-Trustee Grant of Purchase Right

3.1 A grant of Purchase Rights to an Israeli Eligible Employee shall be made pursuant to Section 102(c) or Section 3(i) of the ITO.

3.2 Only Eligible 102 Israeli Eligible Employee may receive Non-Trustee Grants under this Appendix.

4. Terms And Conditions Of Non-Trustee Grants

4.1 Each grant under the ESPP Plan shall be subject to the relevant provisions of the ITO, the ITO Rules, Section 102 and any ruling obtained from the ITA in connection with the ESPP Plan, which shall be deemed an integral part of the such grant and shall prevail over any term contained in the ESPP Plan, this Appendix or any offering document that is not consistent therewith. Any provision of the ITO and any approvals by the ITA not expressly specified in this Appendix or any document evidencing a grant that are necessary to receive under the ITO, the ITO Rules and Section 102 in connection with grant under the ESPP Plan shall be binding on the Israeli Eligible Employee. The Israeli Eligible Employee granted a Purchase Offering under the ESPP Plan shall comply with the ITO provisions. For avoidance of doubt, it is reiterated that compliance with the ITO specifically includes compliance with the ITO Rules. Further, the Israeli Eligible Employee agrees to execute any and all documents which the Company and/or Affiliate may reasonably determine to be necessary in order to comply with the provision of any applicable law.

4.2 Shares issued upon an exercise of a Purchase Right shall be transferred to the Israeli Eligible Employee directly, provided that the Israeli Eligible Employee first complies with all applicable provisions of the ESPP Plan, and all taxes which apply to the grant of the Purchase Right and exercise of the Purchase Rights were paid.

5. Tax Consequences

Any tax consequences arising from the grant of the Purchase Right or from exercise of the Purchase Right or from the sale of Shares issued upon an exercise of the Purchase Right, or from any other event or act (of the Company, and/or its Affiliates, or the Israeli Eligible Employee) hereunder, shall be borne solely by the Israeli Eligible Employee. The Company and/or its Affiliates shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Israeli Eligible Employee shall agree to indemnify the Company and/or its Affiliates and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Israeli Eligible Employee. The Company or any of its Affiliates may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all taxes required by law to be withheld with respect to Purchase Rights granted under the ESPP Plan and the sale of Shares issued upon an exercise of such Purchase Right, including, but not limited, to (i) deducting the amount so required to be withheld from any other amount then or thereafter payable to an Israeli Eligible Employee, and/or (ii) requiring an Israeli Eligible Employee to pay to the Company or any of its Affiliates the amount so required to be withheld as a condition of the issuance, delivery, distribution or release of any Share, and/or (iii) by causing the exercise of Purchase Right and/or the sale of Shares held by an Israeli Eligible Employee to cover such liability, up to the amount required to satisfy minimum statutory withholding requirements. In addition, the Israeli Eligible Employee will be required to pay any amount which exceeds the tax to be withheld and remitted to the tax authorities, pursuant to applicable tax laws, regulations and rules.

6. Guarantee

If an Eligible 102 Israeli Eligible Employee that holds Shares issued upon the exercise of Purchase Rights ceases to be employed by the Company or any Affiliate, such Israeli Eligible Employee shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax due at the time of sale of Shares to the satisfaction of the Company, all in accordance with the provisions of Section 102 of the ITO and the ITO Rules.

7. Governing Law and Jurisdiction

Notwithstanding any other provision of the ESPP Plan, with respect to Israeli Eligible Employees subject to this Appendix, (i) the ESPP Plan the Purchase Rights and Shares issued thereunder or in connection therewith shall be governed by, and interpreted in accordance with, the laws of the State of Israel applicable to contracts made and to be performed therein, and (ii) any contribution by Israeli Eligible Employees under the ESPP Plan by means of salary deduction shall be subject to the restrictions and limitations provided under applicable Israeli labor laws.

8. Securities Laws

Without derogation from any provisions of the ESPP Plan, all Purchase Rights and Shares issued hereunder shall be subject to compliance with the Israeli Securities Law, 1968, and the rules and regulations promulgated thereunder.

EXHIBIT A

PALO ALTO NETWORKS, INC.

2012 EMPLOYEE STOCK PURCHASE PLAN

GLOBAL SUBSCRIPTION AGREEMENT

1. **Enrollment.** By electronically accepting this Global Subscription Agreement and the Appendix to the Global Subscription Agreement (“Appendix”) (together, the “Agreement”), I hereby elect to participate in the Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan (the “ESPP”) and subscribe to purchase shares of Common Stock in accordance with this Agreement and the ESPP. Any defined terms in this Agreement shall have the meaning ascribed to such terms in the ESPP.

2. **Amount of Contribution.** I hereby authorize payroll deductions from each paycheck at the percentage of my Compensation (from 1% to 15%) as indicated on the online enrollment page (and as I may subsequently change, to the extent allowed under the provisions of the ESPP and the Administrator) on each payday during the Offering Period in accordance with the ESPP. (Please note that no fractional percentages are permitted.) I acknowledge that a lesser percentage of my Compensation than indicated by me may be contributed if necessary to comply with Applicable Laws (in particular, those related to minimum salary requirements).

I understand that the ESPP is a voluntary plan and I acknowledge that any payroll deductions I elect to contribute to the ESPP are made on an entirely voluntary basis. I understand that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the ESPP. I also understand that, subject to the provisions of the ESPP, I may freely withdraw from participation in the ESPP (through the Company’s designated electronic process) and receive a full refund of all voluntary contributions I have made under the ESPP that have not been applied toward the purchase of shares of Common Stock. Finally, I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option and purchase Common Stock under the ESPP.

Unless I withdraw from the ESPP or become ineligible to participate in the ESPP, or unless the ESPP is terminated by the Company, I will continue to participate in the ESPP during subsequent Offering Periods and shares of Common Stock will be purchased on my behalf with my accumulated payroll deductions on the applicable Exercise Date. My participation in the ESPP will continue to be governed by this Agreement and the ESPP. At its discretion and to the extent permitted by the ESPP, the Company may amend the ESPP and/or this Agreement, and by continuing to participate in the ESPP, and without the need to provide affirmative consent, I agree to the terms and conditions of the amended ESPP and/or Agreement.

I agree to execute a separate participation agreement with the Company or the Employer (as defined below), or any other agreement or consent that may be required by the Company or the Employer in connection with this authorization, either now or in the future. I understand that I will not be able to participate in the ESPP if I fail to execute any such consent or agreement.

3. **Issuance of Shares.** Shares of Common Stock purchased for me under the ESPP should be issued in the name(s) of the person(s) I specify on the online enrollment page. (Eligible Employee or Eligible Employee and Spouse only).

4. **Responsibility for Taxes.** I acknowledge that, regardless of any action taken by the Company or, if different, my employer (the “Employer”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to my participation in the ESPP and legally applicable or deemed legally applicable to me (“Tax-Related Items”) is and remains my responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. I further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the ESPP, including, but not limited to, the grant of the option to purchase shares of Common Stock, the purchase of shares of Common Stock, the issuance of shares of Common Stock purchased under the ESPP, the sale of shares of Common Stock purchased under the ESPP or the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the option to purchase shares of Common Stock or any aspect of the ESPP to reduce or eliminate my liability for Tax-Related Items or achieve any particular tax result. Further, if I am subject to Tax-Related Items in more than one jurisdiction, I acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, I agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer, at their discretion, to satisfy any obligations with regard to all Tax-Related Items by one or a combination of the following: (1) withholding from my wages or other cash compensation payable to me by the Company, the Employer, or any

other Subsidiary or Affiliate; (2) withholding from proceeds of the sale of shares of Common Stock under the ESPP, either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization without further consent); (3) withholding shares of Common Stock to be issued at purchase under the ESPP; or (4) any other method deemed by the Company to comply with Applicable Laws and the ESPP.

The Company and/or the Employer may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in my jurisdiction(s). In the event of over-withholding, I may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in shares of Common Stock) or, if not refunded, I may be able to seek a refund from the applicable tax authorities. In the event of under-withholding, I may be required to pay additional Tax-Related Items directly to the applicable tax authorities. If the obligation for Tax-Related Items is satisfied by withholding shares of Common Stock, for tax purposes, I am deemed to have been issued the full number of shares of Common Stock purchased under the ESPP, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying the Tax-Related Items.

Finally, I agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of my participation in the ESPP that cannot be satisfied by the means previously described. The Company may refuse to purchase or deliver the shares or the proceeds of the sale of shares of Common Stock, if I fail to comply with my obligations in connection with the Tax-Related Items.

5. **Nature of Grant.** By enrolling and participating in the ESPP, I acknowledge, understand and agree that:

- (a) the ESPP is established voluntarily by the Company, it is discretionary in nature, and it may be terminated, suspended or amended by the Company at any time, to the extent permitted by the ESPP;
- (b) the grant of the option to purchase shares of Common Stock is exceptional, voluntary and does not create any contractual or other right to receive future options or benefits in lieu of options, even if options have been granted in the past;
- (c) all decisions with respect to future options to purchase shares of Common Stock or other grants, if any, will be at the sole discretion of the Company;
- (d) the grant of the option to purchase shares of Common Stock and my participation in the ESPP shall not create a right to employment or be interpreted as forming an employment or service contract with the Company and shall not interfere with the ability of the Employer to terminate my employment relationship (if any) at any time;
- (e) I am voluntarily participating in the ESPP;
- (f) the ESPP and the shares of Common Stock purchased under the ESPP, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (g) the ESPP and the shares of Common Stock subject to the ESPP, and the income from and value of same, are not part of normal or expected compensation for any purposes, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related pay, holiday pay, pension or retirement or welfare benefits or similar payments;
- (h) unless otherwise agreed with the Company, the option to purchase shares of Common Stock and the shares of Common Stock subject to the option, and the income from and value of same, are not granted as consideration for, or in connection with, the service I may provide as a director of a Subsidiary or Affiliate;
- (i) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty and the value of the shares of Common Stock purchased under the ESPP may increase or decrease in the future, even below the Purchase Price;
- (j) no claim or entitlement to compensation or damages shall arise from forfeiture of the option to purchase shares of Common Stock under the ESPP resulting from termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where I am employed or the terms of my employment agreement, if any);
- (k) in the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), my right to participate in the ESPP, if any, will terminate effective as of the date I cease to actively provide services and will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under Applicable Laws in the jurisdiction where I am employed or the terms of my employment agreement, if any); the Administrator shall have exclusive discretion to determine when I am no longer actively employed for purposes of my participation in the ESPP (including whether I can be considered to be actively employed while on a leave of absence);

(l) unless otherwise provided in the ESPP or by the Company in its discretion, the option to purchase shares of Common Stock and the benefits evidenced by this Agreement do not create any entitlement to have the ESPP or any such benefits granted thereunder, transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(m) if I provide services outside the United States:

- (i) the ESPP and the shares of Common Stock subject to the ESPP, and the income from and value of same, are not part of normal or expected compensation for any purposes; and
- (ii) neither the Company, the Employer nor any Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between my local currency and the United States Dollar that may affect the value of the shares of Common Stock or any amounts due pursuant to the purchase of the shares or the subsequent sale of any shares of Common Stock purchased under the ESPP.

6. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the ESPP or my purchase or sale of the shares of Common Stock. I understand and agree that I should consult with my own personal tax, legal and financial advisors regarding my participation in the ESPP before taking any action related to the ESPP.

7. **Governing Law and Venue.** The option to purchase shares of Common Stock and the provisions of this Agreement are governed by, and subject to, the laws of the State of California (except its choice-of-law provisions).

For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

8. **Language.** I acknowledge that I am sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, so as to allow me to understand the terms and conditions of this Agreement. Furthermore, if I have received this Agreement or any other document related to the ESPP translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by Applicable Laws.

9. **Electronic Delivery and Participation.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

10. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

11. **Appendix.** Notwithstanding any provisions in this Agreement, my participation in the ESPP shall be subject to the additional terms and conditions set forth in for my country in the Appendix. Moreover, if I relocate to one of the countries included in the Appendix or am otherwise considered a resident for local law purposes, the additional terms and conditions for such country will apply to me, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

12. **Imposition of Other Requirements.** The Company, at its discretion, may elect to terminate, suspend or modify the terms of the ESPP at any time, to the extent permitted by the ESPP. I agree to be bound by such termination, suspension or modification regardless of whether notice is given to me of such event, subject in any case to my right to timely withdraw from the ESPP in accordance with the ESPP withdrawal procedures then in effect. In addition, the Company reserves the right to impose other requirements on my participation in the ESPP and on any shares of Common Stock purchased under the ESPP, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. **Waiver.** I acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by me or any other Participant.

14. **Insider-Trading/Market-Abuse Laws.** I may be subject to insider trading restrictions and/or market-abuse laws which may affect my ability to accept, acquire, sell or otherwise dispose of shares of Common Stock under the ESPP, rights to shares, or rights linked to the value of shares during such times as I am considered to have "inside information" regarding the Company (as defined by the laws or regulations in my country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders I place before possessing inside information. Furthermore, I could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. I understand that third parties include fellow employees.

Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. I am responsible for complying with any applicable restrictions, and I should speak to my personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in my country.

15. **Exchange Control, Foreign Asset/Account and/or Tax Reporting.** Certain foreign asset and/or account reporting requirements may affect my ability to acquire or hold shares of Common Stock under the ESPP or cash received from participating in the ESPP (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside my country. I also may be required to repatriate sale proceeds or other funds received as a result of my participation in the ESPP to my country through a designated bank or broker and/or within a certain time after receipt. In addition, I may be subject to tax payment and/or reporting obligations in connection with any income realized under the ESPP and/or from the sale of shares of Common Stock. I acknowledge that I am responsible for ensuring compliance with any applicable requirements, and that I should consult my personal legal advisor on this matter.

* * *

By clicking “ACCEPT” and electronically enrolling in the ESPP, I hereby agree to be bound by the terms of the ESPP and this Agreement. The effectiveness of this Agreement is dependent upon my eligibility to participate in the ESPP. I have received a copy of the complete ESPP and its accompanying prospectus. I understand that my participation in the ESPP is in all respects subject to the terms of the ESPP. Further, I expressly acknowledge the information provided in the Appendix related to the collection, processing and use of my personal data by the Company and its Subsidiaries or Affiliates and the transfer of personal data to the recipients mentioned in the Appendix.

I UNDERSTAND THAT THIS AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

EXHIBIT B
APPENDIX
TO THE
PALO ALTO NETWORKS, INC.
2012 EMPLOYEE STOCK PURCHASE PLAN
GLOBAL SUBSCRIPTION AGREEMENT

Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the ESPP and/or the Global Subscription Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern my participation in the ESPP, including the option to purchase shares of Common Stock granted under the ESPP, if I reside and/or work in one of the countries listed below.

If I am a citizen or resident (or am considered as such for local law purposes) of a country other than the one in which I am currently residing and/or working or if I transfer employment and/or residency to another country after enrolling in the ESPP, the terms and conditions of participation in the ESPP contained herein may not be applicable to me and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to my participation in the ESPP.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which I should be aware with respect to participation in the ESPP. The information is based on the securities, exchange control and other laws in effect in the respective countries as of July 2025. Such laws are often complex and change frequently. As a result, the Company strongly recommends that I not rely on the information herein as my only source of information relating to the consequences of my participation in the ESPP because the information may be out of date at the time that I purchase shares of Common Stock under the ESPP or sell the shares of Common Stock acquired under the ESPP.

In addition, the information contained herein is general in nature and may not apply to my particular situation, and the Company is not in a position to assure me of a particular result. Accordingly, I should seek appropriate professional advice as to how the relevant laws in my country may apply to my situation.

Finally, if I am a citizen or resident (or am considered as such for local law purposes) of a country other than the one in which I am currently residing and/or working or if I transfer employment and/or residency to another country after enrolling in the ESPP, the information contained herein may not be applicable to me.

DATA PRIVACY PROVISIONS FOR ALL PARTICIPANTS

Terms and Conditions

The following provisions apply if I reside in European Union / European Economic Area member states, Guernsey, Switzerland or the United Kingdom:

(i) Collection and Usage. *Pursuant to applicable data protection laws, I am hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about me for the legitimate purpose of granting options to purchase shares of Common Stock under the ESPP and implementing, administering and managing my participation in the ESPP. Specifics of the data processing are described below.*

(i) Controller and Representative. *The Company is the controller responsible for the processing of my personal data in connection with the Plan. The Company's representative is Chief Privacy Officer, privacy@paloaltonetworks.com.*

(ii) Personal Data Subject to Processing. *The Company collects, processes and uses the following types of personal data about me: my name, employee ID, home address and telephone number, work and email address, date of birth, social security number or other tax identification number, social insurance, passport number or other international identification number, salary, nationality, job title, hire date, work country, department, cost center, subsidiary, organization level, expense group, termination date, supervisor, employment status, any shares of stock or directorships held in the Company, details of all options to purchase shares of Common Stock or any other entitlement to shares of Common Stock awarded, canceled, settled, purchased, vested, unvested or outstanding in my favor, which the Company receives from me or the Employer ("Data").*

(iii) Purposes and Legal Bases of Processing. *The Company processes Data for the purposes of performing its contractual obligations under this Agreement, granting options to purchase shares of Common Stock under the ESPP, implementing, administering and managing my participation in the ESPP and facilitating compliance with applicable tax and securities law. The legal basis for the processing of Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under this Agreement and for the Company's legitimate business interests of managing the ESPP and generally administering employee equity awards.*

(iv) Service Providers. *The Company transfers Data to its designated stock plan service provider (currently, E*TRADE Financial Services, Inc. and certain of its affiliated companies ("E*TRADE")), which is an independent stock plan administrator with operations, relevant to the Company, in the United States and assists the Company with the implementation, administration and management of the ESPP. In the future, the Company may select different service providers and may share Data with such service providers. The Company's stock plan administrators will open an account for me to receive and trade shares of Common Stock. I will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of my ability to participate in the ESPP. Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating my participation in the Plan. I understand that I may request a list with the names and addresses of any potential recipients of Data by contacting my local human resources representative, filling out the individual rights request online form at <https://www.paloaltonetworks.com/legal-notices/privacy>, or by sending an email to individualrights@paloaltonetworks.com.*

(v) International Transfers. *The Company and its service providers, including, without limitation, E*TRADE, operate, relevant to the Company, in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. I understand and acknowledge that the United States is not subject to an unlimited adequacy finding by the European Commission and that Data may not have an equivalent level of protection as compared to my country of residence. To provide appropriate safeguards for the protection of Data, Data is transferred to the Company based on data transfer and processing agreements implementing the EU Standard Contractual Clauses. I may request a copy of the safeguards used to protect Data by contacting the Company at: privacy@paloaltonetworks.com. The Company reserves the right to use a different but adequate data transfer legal mechanism.*

(vi) Data Retention. *The Company will use Data only as long as is necessary to implement, administer and manage my participation in the ESPP, or as required to comply with Applicable Laws, exercise or defense of legal rights, and archiving, back-up and deletion processes. When the Company no longer needs Data, the Company will remove it from its systems according to its retention policies. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.*

(vii) Data Subject Rights. *To the extent provided by law, I have the right to (i) inquire whether and what kind of Data the Company holds about me and how it is processed, and to access or request copies of such Data, (ii) request the*

correction or supplementation of Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, or (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements. In addition, I have, to the extent provided by law, the right to (iv) request the Company to restrict the processing of Data in certain situations where I feel its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of Data that I have actively or passively provided to the Company, where the processing of such Data is based on consent or a contractual agreement with me and is carried out by automated means. In case of concerns, I also have the right to (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding my rights, raise any other questions regarding the practices described in this Agreement or to exercise my rights, I should contact the Company at: privacy@paloaltonetworks.com (for questions) or individualrights@paloaltonetworks.com (to exercise rights).

(viii) **Contractual Requirement.** My provision of Data and its processing as described above is a contractual requirement and a condition to my ability to participate in the ESPP. I understand that, as a consequence of my refusing to provide Data, the Company may not be able to allow me to participate in the ESPP, grant options to purchase shares of Common Stock to me or administer or maintain such options to purchase shares of Common Stock under the ESPP. However, my participation in the ESPP and my acceptance of this Agreement are purely voluntary. While I will not be able receive options to purchase shares of Common Stock under the ESPP if I decide against participating in the ESPP or providing Data as described above, with the exception of not receiving these benefits, my status as an employee will not be affected in any way. For more information on the consequences of the refusal to provide Data, I may contact the Company at: privacy@paloaltonetworks.com.

The following provisions apply if I reside outside of European Union / European Economic Area member states, Guernsey, Switzerland and the United Kingdom:

I consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this Agreement and any other ESPP participation materials by and among, as applicable, the Employer, the Company and any Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing my participation in the ESPP.

I understand that the Company and the Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options to purchase shares of Common Stock under the ESPP or any other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested, or outstanding in my favor ("Data"), for the exclusive purpose of implementing, administering and managing the ESPP.

I understand that Data will be transferred to E*TRADE Financial Services, Inc. and certain of its affiliated companies (collectively, "E*TRADE"), or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the ESPP. I understand that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than my country. I understand that, if I reside outside the U.S., I may request a list with the names and addresses of any potential recipients of Data by contacting my local human resources representative, filling out the individual rights request online form at <https://www.paloaltonetworks.com/legal-notices/privacy>, or by sending an email to individualrights@paloaltonetworks.com. I authorize the Company, E*TRADE and any other possible recipients which may assist the Company, (presently or in the future) with implementing, administering and managing the ESPP to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the ESPP. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the ESPP. I understand that, if I reside outside the U.S., I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative, filling out the individual rights request online form at <https://www.paloaltonetworks.com/legal-notices/privacy>, or by sending an email to individualrights@paloaltonetworks.com. Further, I understand that I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke my consent, my employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing my consent is that the Company would not be able to grant me the option to purchase shares of Common Stock under the ESPP or other equity awards or administer or maintain such awards. Therefore, I understand that refusing or withdrawing my consent may affect my ability to participate in the ESPP. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative or send an email to privacy@paloaltonetworks.com.

AUSTRALIA

Terms and Conditions

Australian Offer Document. The offer of options to purchase shares of Common Stock under the ESPP is being made under Division 1A of Part 7.12 of the Australian Corporations Act 2001 (Cth) (“Division 1A”). For purposes of Division 1A, the Agreement, including this Appendix, is to be regarded as an Employee Share Scheme (“ESS”) offer document.

In addition to the information set out in the Agreement (including this Appendix), I am also being provided with copies of the following documents:

- (a) the ESPP;
- (b) the ESPP prospectus; and
- (c) Employee Information Supplement (collectively, the “Additional Documents”).

The Additional Documents provide further information to help me make an informed investment decision about participating in the ESPP. Neither the ESPP nor the ESPP prospectus is a prospectus for the purposes of the Corporations Act 2001.

I should not rely upon any oral statements made in relation to this offer. I should rely only upon the statements contained in the Agreement (including this Appendix) and the Additional Documents when considering participation in the ESPP.

Notifications

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding a certain threshold (currently AUD10,000) and international fund transfers. I understand that the Australian bank assisting with the transaction may file the report for me. If there is no Australian bank involved in the transfer, I will have to file the report. I acknowledge that I should consult with a personal advisor to ensure that I am properly complying with applicable reporting requirements in Australia.

Securities Law Information. Investment in Common Stock involves a degree of risk. Eligible employees who elect to participate in the ESPP should monitor their participation and consider all risk factors relevant to the acquisition of Common Stock under the ESPP as set forth below and in the Additional Documents.

The information herein is general information only. It is not advice or information that takes into account my objectives, financial situation and needs. I should consider obtaining my own financial product advice from a person who is licensed by the Australian Securities & Investments Commission (“ASIC”) to give such advice.

Additional Risk Factors for Australian Residents. I should have regard to risk factors relevant to investment in securities generally and, in particular, to holding shares of Common Stock. For example, the price at which an individual share of Common Stock is quoted on the Nasdaq Global Select Market (“Nasdaq”) may increase or decrease due to a number of factors. There is no guarantee that the price of a share of Common Stock will increase. Factors that may affect the price of the Common Stock include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company’s business and financial results will be included in the Company’s most recent Annual Report on Form 10-K and the Company’s Quarterly Report on Form 10-Q. Copies of these reports are available at www.sec.gov, on the Company’s investor’s page at <https://investors.paloaltonetworks.com/investor-relations/financials/sec-filings/default.aspx>, and upon request to the Company.

In addition, Participant should be aware that the Australian dollar (“AUD”) value of any shares of Common Stock acquired under the ESPP will be affected by the USD/AUD exchange rate. Participation in the ESPP involves certain risks related to fluctuations in this rate of exchange.

Common Stock in a U.S. Corporation. Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a share of Common Stock is entitled to one vote. Dividends may be paid on the shares of Common Stock out of any funds of the Company legally available for dividends at the discretion of the Board. Further, the Common Stock

is not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares. I may ascertain the current market price of the Common Stock as traded on The Nasdaq Global Select Market under the symbol “PANW” at <https://www.nasdaq.com/market-activity/stocks/panw>. The AUD equivalent of that price can be obtained at www.rba.gov.au/statistics/frequency/exchange-rates.html. *Please note that this is not a prediction of what the market price of the Common Stock will be on any applicable Exercise Date or when shares of Common Stock are issued to me (or at any other time), or of the applicable exchange rate at such time.*

Statutory Terms and Conditions. As noted above, this offer is being made under Division 1A. To comply with Division 1A, the following terms and conditions apply:

1. Enrollment Period

A new Offering Period will automatically begin approximately every six (6) months on the first Trading Day on or after February 28 and August 31 of each year. Each new Offering Period will be approximately twenty-four (24) months in duration and will consist of four (4) six-month Purchase Periods, ending on the first Trading Day on or after February 28 and August 31 of each year. Enrollment periods for each Offering Period generally begin on or about February 1 and August 1 each year and remain open until the first day of the respective Offering Period (the “Enrollment Period”). I may accept this offer at any time during an Enrollment Period.

2. Acquisition of Options and Shares of Common Stock

Since I may access this ESS offer document starting from the first day of each Enrollment Period and each Enrollment Period begins more than 14 days prior to start of the relevant Offering Period, I cannot acquire any options under the ESPP or shares of Common Stock until at least 14 days after receiving this ESS offer document.

3. ESS Contribution Plan Terms

The ESPP is an ESS contribution plan for the purposes of Division 1A. Accordingly, the following terms are included:

- (a) The ESPP allows Australian Participants to elect to have regular deductions made from Australian Participants’ wages or salary for the purpose of acquiring shares of Common Stock.
- (b) Before Australian Participants acquire any shares of Common Stock under this offer, any such deductions will be held on trust in an account with an Australian ADI that is kept solely for that purpose.
- (c) Australian Participants may elect to discontinue the deductions at any time.
- (d) If Australian Participants do so elect:
 - (i) any deductions from Australian Participants’ wages or salary will cease, and any deductions made after the election will be repaid to Australian Participants, within 45 days of the election; and
 - (ii) the amount of the deductions or payments standing, at the time when Australian Participants’ election is made, to the credit of the account for Australian Participants will be repaid to Australian Participants within 45 days of the election.
- (e) Australian Participants must agree in writing (which may be electronic) to the terms of the ESPP before participating in the ESPP.

4. Terms Relating to Disclosure

This offer is also subject to the following terms relating to disclosure:

- (a) this ESS offer document and the terms of the offer:
 - (i) must not include a misleading or deceptive statement; and
 - (ii) must not omit any information that would result in this document or terms of the offer being misleading or deceptive;
- (b) the Company must provide Australian Participants with an updated ESS offer document as soon as practicable after becoming aware that the document that was provided has become out of date, or is otherwise not correct, in a material respect;
- (c) each person mentioned in items (ii), (iii) and (iv) of the table below must notify, in writing, the Company as soon as practicable if, during the Enrollment Period, the person becomes aware that:
 - (i) a material statement in the documents mentioned in paragraph (a) is misleading or deceptive; or
 - (ii) information was omitted from any of those documents that has resulted in one or more of those documents being misleading or deceptive; or

- (iii) a new circumstance has arisen during the Enrollment Period which means the ESS offer document is out of date, or otherwise not correct, in a material respect; and
- (d) if Australian Participants suffer loss or damage because of a contravention of a term of the offer covered by paragraph (a), (b) or (c) above, Australian Participants can recover the amount of loss or damage in accordance with the table below.

For the purposes of paragraph (d) above, Australian Participants must be able to recover loss or damage in accordance with the following table:

Item	Australian Participants may recover loss or damage suffered as a result of a contravention of	from these people...
i)	a term of the offer covered by any of the following paragraphs: <ul style="list-style-type: none"> • paragraph (a) (misleading or deceptive statements and omissions); • paragraph (b) (out of date ESS offer document) 	the Company
ii)	a term of the offer covered by any of the following paragraphs: <ul style="list-style-type: none"> • paragraph (a) (misleading or deceptive statements and omissions); • paragraph (b) (out of date ESS offer document) 	each director of the Company
iii)	a term of the offer covered by any of the following paragraphs: <ul style="list-style-type: none"> • paragraph (a) (misleading or deceptive statements and omissions); • paragraph (b) (out of date ESS offer document) 	a person named, with their consent, in an ESS offer document or the terms of the offer as a proposed director of the Company
iv)	a term of the offer covered by paragraph (a) (misleading or deceptive statements and omissions)	a person named, with their consent, in the ESS offer document or the terms of the offer as having made: <ul style="list-style-type: none"> • the misleading or deceptive statement; or • a statement on which the misleading or deceptive statement is based
v)	a term of the offer covered by paragraph (c) (failure to notify the Company of misleading or deceptive statement and omissions or new circumstances)	the person mentioned in item (ii), (iii) or (iv) of this table who failed to notify the Company in accordance with the term covered by paragraph (c)

5. Exclusions from Liability

A person mentioned in the table in section 4 above is not liable for any loss or damage suffered by Australian Participants because of a contravention of a term of the offer covered by paragraph (a) or (b) of section 4 above if:

- (a) the person:
 - (i) made all inquiries (if any) that were reasonable in the circumstances; and
 - (ii) after doing so, believed on reasonable grounds that the statement was not misleading or deceptive; or
- (b) the person did not know that the statement was misleading or deceptive; or
- (c) the person placed reasonable reliance on information given to the person by:
 - (i) if the person is a body corporate or a responsible entity of a registered scheme—someone other than a director, employee or agent of the body corporate or responsible entity; or
 - (ii) if the person is an individual—someone other than an employee or agent of the individual; or
- (d) for a person mentioned in column 2 of item (iii) or (iv) of the table in section 4 above—the person proves that they publicly withdrew their consent to being named in the document in that way; or
- (e) the contravention arose because of a new circumstance that has arisen since the ESS offer document was prepared and the person proves that they were not aware of the matter.

AUSTRIA

Terms and Conditions

Interest Waiver. By enrolling in the ESPP and accepting the terms of the Agreement, I unambiguously consent to waive my right to any interest with respect to payroll deductions accumulated for me during an Offering Period.

Amount of Contribution. My individual payroll deductions are subject to compliance with the minimum salary and minimum subsistence level provisions under Applicable Laws in Austria. The Company and/or the Employer, at their discretion, may limit the amount of my payroll deductions to comply with such requirements.

Notifications

Securities Law Information. The Company has prepared and made available an Information Document in reliance on an exemption from prospectus requirements that may otherwise apply to the offer of the ESPP in Austria. The Information Document is attached hereto as Exhibit C.

Exchange Control Information. If I hold securities (including shares of Common Stock acquired under the ESPP outside Austria, even if I hold them outside of Austria with an Austrian bank) or cash (including proceeds from the sales of shares of Common Stock), I understand I must submit quarterly reports to the Austrian National Bank. An exemption applies if the value of the shares held outside Austria of any quarter does not exceed a certain threshold (currently €5,000,000). The deadline for filing the quarterly report is the 15th of the month following the end of the respective quarter.

If I sell shares of Common Stock or receive any cash dividends, there may be exchange control obligations if the cash received is held outside Austria, as a separate reporting requirement applies to any non-Austrian cash accounts. If the transaction volume of all of my cash accounts abroad exceeds a certain threshold (currently €10,000,000), the movements and the balance of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, on the prescribed forms.

BELGIUM

Terms and Conditions

Authorization to Remit Eligible Cash Earnings. For Belgian law purposes, I understand that “payroll deductions” means a specific instruction to the Employer to pay out part of my Compensation (as indicated in the Agreement) in order to fund the Purchase Price for the shares of Common Stock, in accordance with the terms and conditions of the ESPP.

Notifications

Exchange Control Information. I acknowledge and understand that if I am a Belgian resident, I am required to complete a report providing the National Bank of Belgium with details regarding any securities or bank accounts held outside Belgium, including the account number, the name of the bank in which such account is held and the country in which the account is located. This report, as well as information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des credits* caption.

BRAZIL

Terms and Conditions

Authorization for Transmission of Funds. I agree to execute a letter of authorization and any other agreements or consents that may be required to enable the Company, any Subsidiary or Affiliate or the Employer to remit accumulated payroll deductions from Brazil to the United States for the purchase of shares of Common Stock. I understand that if I fail to execute the letter of authorization or any other agreements or consents that may be required for the remittance of payroll deductions, I will not be able to participate in the ESPP.

Compliance with Law. By enrolling in the ESPP and accepting the terms of this Agreement, I acknowledge and agree to comply with all applicable Brazilian laws and pay any and all Tax-Related Items associated with the purchase and sale of shares of Common Stock acquired pursuant to the ESPP and the receipt of any dividends paid on such shares.

Nature of Grant. The following provision supplements Section 5 of the Global Subscription Agreement:

By enrolling and participating in the ESPP, I agree that (i) I am making an investment decision and (ii) the value of the shares of Common Stock is not fixed and may increase or decrease without compensation to me.

Notifications

Exchange Control Information. If I am a resident or domiciled in Brazil, I will be required to submit an annual or quarterly declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than a certain threshold (currently US\$1,000,000). Assets and rights that must be reported include shares of Common Stock acquired pursuant to the ESPP.

BULGARIA

Notifications

Exchange Control Information. I will be required to file statistical forms with the Bulgarian National Bank annually regarding my receivables in bank accounts abroad as well as securities held abroad (e.g., shares of Common Stock acquired under the ESPP) if the total sum of all such receivables and securities equals or exceeds a certain threshold (currently BGN 50,000) as of the previous calendar year-end. The reports are due by March 31. I should contact my bank in Bulgaria for additional information regarding these requirements.

CANADA

Terms and Conditions

Exclusion from Compensation or Salary. This provision replaces Section 5(g) of the Global Subscription Agreement:

except as explicitly and minimally required under applicable legislation, the ESPP and the shares of Common Stock subject to the ESPP, and the income from and value of same, are not part of normal or expected compensation for any purposes, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related pay, holiday pay, pension or retirement or welfare benefits or similar payments;

No Compensation for Forfeiture and/or Recoupment. This provision replaces Section 5(j) of the Global Subscription Agreement:

except as explicitly and minimally required under applicable legislation, no claim or entitlement to compensation or damages shall arise from forfeiture of the option to purchase shares of Common Stock under the ESPP resulting from termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws in the jurisdiction where I am employed or the terms of my employment agreement, if any);

Termination of Service. The following provision replaces Section 5(k) of the Global Subscription Agreement:

in the event of termination of my employment (for any reason and whether or not later found to be invalid or in breach of Canadian laws or the terms of my employment agreement, if any), my right to participate in or otherwise benefit from the ESPP, if any, shall terminate effective as of the date I am no longer actually providing services to the Company or any other Designated Company (the "Termination Date"). Unless explicitly required under applicable legislation, the Termination Date shall exclude and shall not be extended by any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, contract, common/civil law or otherwise. For greater certainty, I will not purchase or be entitled to any pro-rated purchase of shares for that portion of time before the date on which my participation terminates, nor will I be entitled to any compensation for lost purchase.

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued participation in the ESPP during a statutory notice period, I acknowledge my right to participate in or otherwise benefit from the ESPP, if any, will terminate effective as of the last day of my minimum statutory notice period, but I will not earn or be entitled to any pro-rated purchase of shares if the Exercise Date falls after the end of my statutory notice period, nor will I be entitled to any compensation for the lost purchase of shares. For further clarity, any reference to a termination of my employment, or a date of termination under this Agreement or the ESPP, will be interpreted to mean the Termination Date.

The following provision applies if I reside in Quebec:

French Language Documents. The following provision replaces Section 8 of the Global Subscription Agreement in its entirety:

A French translation of this document and the ESPP are available to me on the Company's Global Equity Programs LOOP Page (<https://theloop.paloaltonetworks.com/loop/employee-resources/global-equity-programs/equity-plan-documents>).

Notwithstanding anything to the contrary in the ESPP or the Agreement, and unless I indicate otherwise, the French translation of this Agreement and the ESPP will govern my participation in the ESPP. If I transfer residency outside of Quebec, the English version of this Agreement and the ESPP will govern my participation in the ESPP.

Documents en langue française. La disposition suivante remplace le paragraphe 8 de la Convention mondiale de souscription dans son intégralité:

Une traduction française du présent document et du Régime est mise à ma disposition sur la page LOOP des programmes d'actions mondiaux de la Société (<https://theloop.paloaltonetworks.com/loop/employee-resources/global-equity-programs/equity-plan-documents>). Malgré toute disposition contraire dans le Régime ou la Convention, sauf si j'indique le contraire, la traduction française de la présente Convention et du Régime régira ma participation au Régime. Si je transfère ma résidence à l'extérieur du Québec, la version anglaise de la présente Convention et du Régime régira ma participation au Régime.

Data Privacy. This provision supplements the Data Privacy Provisions for Participants who reside outside of European Union / European Economic Area member states, Switzerland and the United Kingdom above in this Appendix:

I hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the ESPP. I further authorize the Company or any Subsidiary or Affiliate and the Administrator to disclose and discuss the ESPP with their advisors. I acknowledge and agree that my personal information, including sensitive personal information, may be transferred or disclosed outside the Province of Quebec, including to the United States. I further authorize the Company or any Subsidiary or Affiliate to record such information and to keep such information in my employee file. I also acknowledge that the Company and other parties involved in the administration of the ESPP may use technology for profiling purposes and make automated decisions that may have an impact on me or the administration of the ESPP.

Notifications

Securities Law Information. I acknowledge that I am permitted to sell shares of Common Stock acquired pursuant to the ESPP through the designated broker appointed under the ESPP, if any, provided the sale of the shares acquired pursuant to the ESPP takes place outside of Canada through the facilities of a stock exchange on which the shares are listed (*i.e.*, the Nasdaq Global Select Market).

CHINA

Terms and Conditions

The following provisions will apply if I am subject to exchange control restrictions and requirements in the People's Republic of China ("PRC"), including the requirements imposed by the State Administration of Foreign Exchange ("SAFE") as determined by the Company in its sole discretion:

Purchase Conditioned on Satisfaction of Regulatory Obligations. Notwithstanding anything to the contrary in the Agreement or the ESPP, no shares of Common Stock will be purchased on my behalf unless and until all necessary exchange control or other approvals with respect to the ESPP have been obtained from SAFE or its local counterpart ("SAFE Approval") and maintained prior to each Exercise Date. In the event SAFE Approval has not been obtained or maintained prior to any Exercise Date(s), the Company may return payroll deductions credited to my account but not used to purchase shares during the Purchase Period, without interest, or take such other steps as it determines in its sole discretion to be necessary for the implementation of the ESPP. In such case, participation in the ESPP will continue, unless I otherwise withdraw from or become ineligible to participate in the ESPP.

Shares Must Remain With Company's Designated Broker. I agree to hold any shares of Common Stock acquired under the ESPP with E*TRADE, or such other broker as the Company may designate, until the shares are sold. The limitation shall apply to all shares issued to me under the ESPP, whether or not I remain an Eligible Employee.

Sale of Shares. Due to local regulatory requirements, I understand and agree that the Company may require that any shares of Common Stock purchased under the ESPP be immediately sold.

I further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such shares (on my behalf pursuant to this authorization without further consent) and I expressly authorize the Company's designated broker to complete the sale of such shares. In this regard, I agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated broker) to effectuate the sale of the shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters, provided that I shall not be permitted to exercise any influence over how, when or whether the sales occur. I acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the shares at any particular price.

If the Company, in its discretion, does not exercise its right to require the automatic sale of the shares purchased under the ESPP, as described in the preceding paragraph, I understand and agree that any shares acquired under the ESPP must be sold no later than six months from my termination of employment, or within any such other period as may be permitted by the Company or required by SAFE. I understand that any shares acquired under the ESPP that have not been sold within six months of my

termination or within such other period as may be permitted by the Company or required by SAFE will be automatically sold by the designated broker pursuant to this authorization without further consent and subject to the terms of the preceding paragraph.

Upon the sale of the shares, I will receive the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy any Tax-Related Items. I agree to comply with all requirements the Company may impose in order to facilitate compliance with exchange control requirements in China prior to receipt of the cash proceeds. I acknowledge that I am not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

Exchange Control Requirements. By enrolling and participating in the ESPP, I understand and agree that, pursuant to local exchange control requirements, I will be required to repatriate the cash proceeds from the sale of the shares and the receipt of any dividends to China. I further understand that, under local law, such repatriation of the cash proceeds may need to be effectuated through a special exchange control account established by the Company, the Employer or another Subsidiary or Affiliate, and I hereby consent and agree that any proceeds from the sale of any shares I acquire under the ESPP and any dividends may be transferred to such special account prior to being delivered to me.

I further understand that the proceeds will be delivered to me as soon as possible, but there may be delays in distributing the funds to me due to exchange control requirements in China. Proceeds may be paid to me in U.S. dollars or local currency, at the Company's discretion. If the proceeds are paid in U.S. dollars, I will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid in local currency, I agree that the Company, the Employer or any other Subsidiary or Affiliate in China is under no obligation to secure any particular exchange conversion rate and there may be delays in converting the cash proceeds to local currency due to exchange control restrictions. I agree to bear any currency fluctuation risk between the time the cash proceeds are received and the time the cash proceeds are distributed to me through the special account described above.

I further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Additional Restrictions. No shares of Common Stock will be purchased or issued unless the Company determines that such purchase and issuance and delivery of shares complies with all Applicable Laws. Further, the Company is under no obligation to purchase and/or issue shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the Exercise Date.

COSTA RICA

Terms and Conditions

Authorization for Payroll Deductions. I hereby expressly acknowledge that my authorization to the Employer to withhold a percentage of my Compensation, as specified in the Global Subscription Agreement, was given voluntarily for purposes of my participation in the ESPP.

CZECH REPUBLIC

Terms and Conditions

Payroll Deduction Authorization. I hereby authorize the Employer to take payroll deductions from each of my paychecks during the Offering Period at the percentage of my Compensation (from 1% to 15%) as indicated on the online enrollment page. I understand that, by electronically accepting this Agreement, I am executing the attached Agreement on Wage Deductions. I understand I will not be able to participate in the ESPP if I fail to execute the Agreement on Wage Deductions.

Notifications

Exchange Control Information. The Czech National Bank may require me to fulfill certain notification duties in relation to the purchase of shares of Common Stock under the ESPP and/or the opening and maintenance of a foreign bank or brokerage account. In addition, I may need to report certain events even in the absence of a request from the Czech National Bank. Because exchange control regulations may change without notice, I should consult my personal legal advisor prior to the purchase or the sale of shares of Common Stock to ensure compliance with current regulations. It is my responsibility to comply with any applicable Czech exchange control laws.

DOHODA O SRÁŽKÁCH ZE MZDY

(dále jen „Dohoda“)

uzavřená podle zákona č. 262/2006 Sb., zákoníku práce (dále jen „zákoník práce“) mezi:

Palo Alto Networks (Czech) s.r.o., společností založenou a existující podle práva České republiky, se sídlem Město, Czech Republic, IČO: 038 66 149, dále jen „Zaměstnavatel“,

AGREEMENT ON WAGE DEDUCTIONS

(hereinafter referred to as the “Agreement”)

concluded pursuant to Act No. 262/2006, the Labor Code (hereinafter referred to as the “Labor Code”), between:

Palo Alto Networks (Czech) s.r.o., a company established and existing under the laws of the Czech Republic, with its registered seat at Město, Czech Republic, Identification No.: 038 66 149 hereinafter referred to as

a

zaměstnancem, který se elektronicky přihlásil k účasti v Doplněném a přepracovaném obecném plánu Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan („Plán“) a jehož datum narození a trvalé bydliště jsou vedeny v záznamech Palo Alto Networks, Inc., dále jen „Zaměstnanec“,

Zaměstnanec a Zaměstnavatel dále také jen společně jako „Strany“ či jednotlivě jako „Strana“.

1. Zaměstnanec je oprávněn účastnit se Plánu a kupovat kmenové akcie („Akcie“), společnosti Palo Alto Networks, Inc., se sídlem 3000 Tannery Way, Santa Clara, California 95054, U.S.A. („Společnost“), a to za podmínek stanovených Plánem a jakoukoliv dodatečnou dohodou o zápise, uzavřenou mezi Zaměstnancem a Společností. Není-li výslovně uvedeno jinak, jednotlivé termíny a definice užívané v této Dohodě mají význam, který je jim připisován v Plánu.

2. Zaměstnanec bude hradit svůj příspěvek na kupní cenu Akcií dle Plánu, a to prostřednictvím srážek ze mzdy Zaměstnance, vyplácené mu Zaměstnavatelem, a to počínaje prvním platebním termínem následujícím po zápise Zaměstnance do Plánu. Zaměstnanec tímto dává souhlas Zaměstnavateli, aby Zaměstnavatel prováděl jednou za každou kalendářní měsíc srážku ze mzdy Zaměstnance (ve smyslu § 145 zákoníku práce podle ustanovení § 146 písm. b) zákoníku práce a článků 3.01 a 6 Plánu) ve výši, která nepřesáhne 25 000 USD (v českých korunách) v hodnotě akcií za kalendářní rok, odpovídající procentu ze mzdy Zaměstnance (jak je definována v Plánu), které se Zaměstnanec rozhodl přispívat po zápise do Plánu. Jestliže Zaměstnanec následně zvýší či sníží procento svého příspěvku (jak je povoleno v podmínkách Plánu), výše srážek Zaměstnance se adekvátně změní. Mimoto pokud se změní mzda Zaměstnance, výše srážek se může adekvátně změnit.

Například, pokud mzda Zaměstnance v měsíci po zápise činí 100 000 Kč a Zaměstnanec se rozhodl přispívat 10% své mzdy na nákup Akcií dle Plánu, Zaměstnavatel je oprávněn provést srážku 10 000 Kč ze mzdy Zaměstnance v měsíci po Dni zápisu. Jestliže se mzda Zaměstnance zvýší na 120 000 Kč v následujícím měsíci, Zaměstnavatel je oprávněn provést srážku 12 000 Kč ze mzdy Zaměstnance. Jestliže Zaměstnanec sníží procento svého příspěvku na 5% v následujícím měsíci, Zaměstnavatel je oprávněn provést srážku 6 000 Kč ze mzdy Zaměstnance.

3. Zaměstnavatel se zavazuje poukazovat provedené srážky ze mzdy dle této Dohody Společnosti, a to do 30 dnů od data zakoupení. Zaměstnavatel je oprávněn použít sražené finanční prostředky dle této Dohody výhradně v souladu s podmínkami a pravidly uvedenými v této Dohodě a Plánu a vrátit jakékoliv srážky Zaměstnanci, pokud to vyžaduje Plán.

4. Zaměstnanec potvrzuje a souhlasí s tím, že veškeré srážky ze mzdy Zaměstnance provedené v minulosti v souvislosti s účastí Zaměstnance na Plánu byly v souladu s českým právem a Zaměstnanec dal se všemi těmito srážkami řádně souhlas.

5. Tato Dohoda zaniká:

a) pokud je (písemně) vypovězena jakoukoliv Stranou; nebo
b) pokud je ukončena účast Zaměstnance v Plánu, jak je stanoveno v Plánu (včetně situace, kdy Zaměstnanec ukončí pracovní poměr nebo odstoupí od Plánu).

6. Tato Dohoda je vyhotovena v českém a anglickém jazyce. Rozhodující je české znění této Dohody. Každá Strana obdrží jedno vyhotovení této Dohody. Jakékoli změny této Dohody mohou být učiněny jen písemnou dohodou podepsanou oběma Stranami.

Obě Strany tímto prohlašují a potvrzují, že tato Dohoda byla uzavřena po vzájemném projednání a to svobodně, vážně a určitě, nikoliv v tísní za nápadně nevýhodných podmínek a na důkaz toho Strany

the “Employer”,

and

The employee who has electronically enrolled in the Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan (“Plan”) and whose date of birth and home address are maintained in the records of Palo Alto Networks, Inc., hereinafter referred to as the “Employee.”

Employee and Employer are hereinafter also referred to jointly as “Parties” or individually as a “Party.”

1. The Employee is eligible to participate in the Plan and to purchase shares of common stock (“Shares”) of Palo Alto Networks, Inc., with registered address at 3000 Tannery Way, Santa Clara, California 95054, U.S.A. (“Company”), under the terms and conditions of the Plan and any additional subscription agreement entered into between the Employee and the Company. Unless explicitly stated otherwise, individual terms and definitions used herein have the meaning assigned to them in the Plan.

2. The Employee will pay his/her contributions to purchase Shares under the Plan by way of deductions from wages paid to the Employee by the Employer, starting with the first pay day following the Enrollment Date. The Employee hereby grants his/her consent to the Employer to make deductions once per calendar month (pursuant to Sec. 145 of the Labor Code pursuant to Sec. 146 (b) of the Labor Code and Sections 3.01 and 6 of the Plan) to the extent not to exceed USD 25,000 (in Czech crowns) worth of stock per calendar year that reflects the percentage of the Employee’s Compensation (as defined in the Plan) that he or she has elected to contribute upon enrollment in the Plan. If the Employee subsequently increases or decreases his/her contribution percentage (as permitted under the terms of the Plan), the amount of the Employee’s deductions will change accordingly. In addition, if the Employee’s Compensation changes, the amount of the deductions may change accordingly.

By way of example, if the Employee’s Compensation in the month after enrollment is CZK 100,000 and the Employee has elected to contribute 10% of his or her Compensation to purchase Shares under the Plan, the Employer is authorized to deduct CZK 10,000 from the Employee’s Compensation in the month after the Enrollment Date. If the Employee’s Compensation increases to CZK 120,000 in a subsequent month, the Employer is authorized to deduct CZK 12,000 from the Employee’s Compensation in the month of the increase. If the Employee decreases his or her contribution percentage to 5% in a subsequent month, the Employer is authorized to deduct CZK 6,000 from the Employee’s Compensation.

3. The Employer undertakes to remit the wage deductions under this Agreement to the Company within 30 days prior to the Exercise Date. The Employer is entitled to use such wage deductions solely in accordance with the terms and conditions of this Agreement and the Plan, and to refund any deductions to the Employee, if required by the Plan.

4. The Employee acknowledges and agrees that any past deductions from the Employee’s Compensation with respect to the Employee’s participation in the Plan complied with Czech law and the Employee duly authorized all such deductions.

5. This Agreement terminates:

(a) if it is terminated (in writing) by either Party; or
(b) when the Employee’s participation in the Plan is terminated, as set forth in the Plan (including if the Employee terminates employment or withdraws from the Plan).

6. This Agreement has been executed in Czech and English language. The Czech language version of this Agreement shall be decisive. Each Party will receive one version of this Agreement. Any change(s) to this Agreement may only be made by a written agreement signed by both Parties.

Both Parties represent and declare that this Agreement has been concluded upon mutual discussion, freely, seriously and definitely and not under strikingly unfavorable conditions. in witness whereof. the

DENMARK

Terms and Conditions

Danish Stock Option Act. By accepting the option to purchase shares of Common Stock and enrolling in the ESPP, I acknowledge that I have received the Employer Statement translated into Danish and set forth below, which is being provided to comply with the Danish Stock Option Act (the “Act”).

I acknowledge that the Act has been amended as of January 1, 2019. Accordingly, I agree that in the event of termination of my employment, the provisions governing my participation in the ESPP under this Agreement and the ESPP will apply for any Offering Period which begins on or after January 1, 2019. The relevant provisions are detailed in the Agreement, the ESPP and the Employer Statement.

EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations (the "Stock Option Act"), you are entitled to receive the following information regarding the PALO ALTO NETWORKS, Inc. 2012 Employee Stock Purchase Plan (the "ESPP") in a separate written statement.

This statement contains information applicable to your participation in the ESPP, as required under the Stock Option Act. Additional terms and conditions of the ESPP are described in the ESPP and other subscription materials, which have been made available to you. In the event of a conflict between a provision contained in this Employer Statement and provisions contained in the ESPP subscription materials, this Employer Statement shall prevail. Capitalized terms used but not defined herein, shall have the same meaning as terms defined in the ESPP.

1. Time of grant of right to purchase stock under the ESPP

Provided you are eligible to participate in the ESPP and decide to enroll in the ESPP, consistent with the requirements of the ESPP, you will be granted a right to purchase shares of stock of PALO ALTO NETWORKS, Inc. (the "Company") at the beginning of each Offering Period, as defined in the ESPP, as long as you remain enrolled in the ESPP.

For each Offering Period, you may elect to have payroll deductions from each paycheck in the amount of a specific percentage of your Compensation on each payday (from 1 to 15%). Your participation in the ESPP is subject to the additional terms and conditions provided in the ESPP materials.

2. Terms or conditions for grant of a right to future purchases of stock.

The ESPP is offered at the discretion of the Company's Board of Directors. The Company may terminate, suspend or amend the ESPP at any time and without the consent of the participating employees.

3. Purchase Date

On the last day of each Purchase Period, or the next trading day, if the last day is not a trading day (*i.e.*, the Exercise Date), shares of common stock of the Company will automatically be purchased for you with your accumulated payroll deductions. The number of shares purchased will depend upon the Purchase Price, as defined below, and the amount of accumulated payroll deductions. You will become the immediate owner of the shares purchased and you may then sell your shares at any time.

4. Purchase Price

The Purchase Price per share shall mean an amount equal to 85% of the lesser of (a) the Fair Market Value, as defined in the ESPP, of a share of common stock on the Enrollment Date; or (b) the Fair Market Value, as defined in the ESPP, of a share of common stock on the Exercise Date.

5. Your rights upon termination of employment

The treatment of your ESPP rights upon termination of employment will be determined in accordance with the termination provisions in the ESPP and the ESPP subscription materials, pursuant to which your right to purchase shares under the ESPP will terminate immediately as of the date you cease to actively provide services.

6. Financial aspects of participating in the ESPP

Aside from the payroll deductions which will start after you enroll in the ESPP, the ESPP offering has no immediate financial consequences for you. The value of the shares purchased for you under the ESPP are not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The possibility of profit at the time you sell your shares will not only be dependent on the Company's financial development, but also on the general development of the stock market, among other things. In addition, after you purchase shares, the shares could decrease in value even below the Purchase Price.

Stock Plan Services

ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret mv. i ansættelsesforhold ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger vedrørende PALO ALTO NETWORKS, Inc.'s medarbejderaktieordning "2012 Employee Stock Purchase Plan" (i det følgende kaldet "ESPP").

Denne erklæring indeholder de i henhold til Aktieoptionsloven krævede oplysninger vedrørende din deltagelse i ESPP. Yderligere kriterier og betingelser for ordningen er beskrevet i ESPP og det andet tegningsmateriale, som du har fået udleveret. I tilfælde af uoverensstemmelser mellem en bestemmelse i denne Arbejdsgivererklæring og bestemmelserne i ESPP-tegningsmaterialet skal denne Arbejdsgivererklæring have forrang. Begreber, der står med stort begyndelsesbogstav i denne Arbejdsgivererklæring, men som ikke er defineret heri, har samme betydning som de i ESPP definerede begreber.

1. Tidspunktet for tildeling af retten til at købe aktier i henhold til ESPP

Forudsat at du er berettiget til at deltage i ESPP samt beslutter dig for at tilmelde dig ESPP, vil du i overensstemmelse med kravene i ESPP få tildelt en ret til at købe aktier i PALO ALTO NETWORKS, Inc. ("Selskabet") ved starten af hver Udbudsperiode (som defineret i ESPP), så længe du vedbliver at være tilmeldt ESPP.

For hver Udbudsperiode kan du vælge, at der i forbindelse med hver lønudbetaling fra din løn trækkes et beløb svarende til en bestemt procentdel af dit Vederlag (fra 1 til 15%). Din deltagelse i ESPP er underlagt de yderligere kriterier og betingelser, som fremgår af ESPP-materialet.

2. Kriterier eller betingelser for tildeling af retten til senere at købe aktier

ESPP udbydes efter Selskabets bestyrelses frie skøn. Selskabet har til enhver tid ret til at ophæve, afbryde eller ændre ESPP uden de deltagende medarbejderes samtykke.

3. Købsdato

På den sidste dag i hver købsperiode, eller, hvis denne dag ikke er en handelsdag, på den næstfølgende handelsdag efter den sidste dag i hver Udbudsperiode (dvs. Udnyttelsesdatoen) vil der automatisk blive købt ordinære aktier i Selskabet til dig for det akkumulerede beløb, der er fratrukket dine lønudbetalinger. Antallet af købte aktier afhænger af Købskursen (som defineret nedenfor) og det akkumulerede beløb, der er fratrukket dine lønudbetalinger. Du bliver den umiddelbare ejer af de købte aktier, og du kan til enhver tid sælge dine aktier.

4. Købskurs

Købskursen pr. aktie betyder et beløb svarende til 85% af det laveste af de to følgende beløb: (a) Markedskursen (som defineret i ESPP) på en ordinær aktie på Tilmeldingsdato eller (b) Markedskursen (som defineret i ESPP) på en ordinær aktie på Udnyttelsesdatoen.

5. Din retsstilling i forbindelse med fratræden

I tilfælde af dit ansættelsesforholds ophør vil dine ESPP-rettigheder blive behandlet i overensstemmelse med fratrædelsesbestemmelserne i ESPP og ESPP-tegningsmaterialet, ifølge hvilke din ret til at købe aktier i henhold til ESPP ophører øjeblikkeligt med virkning fra det tidspunkt, hvor du ophører med aktivt at levere ydelser.

6. Økonomiske aspekter ved at deltage i ESPP

Bortset fra de fradrag i din løn, der vil blive påbegyndt, når du har tilmeldt dig ESPP, har ESPP-udbuddet ikke nogen umiddelbare økonomiske konsekvenser for dig. Værdien af de aktier, der købes til dig i henhold til ESPP, indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige vederlagsafhængige lovpligtige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Muligheden for en gevinst på det tidspunkt, hvor du sælger dine aktier, afhænger ikke kun af Selskabets økonomiske udvikling, men også bl.a. af den generelle udvikling på aktiemarkedet. Derudover kan aktiernes værdi efter købstidspunktet falde til en værdi, der ligger under Købsprisen.

Aktieordningsadministrationen

There are no country-specific provisions.

FRANCE

Terms and Conditions

Securities Law Information. The Company has prepared and made available an Information Document in reliance on an exemption from prospectus requirements that may otherwise apply to the offer of the ESPP in France. The Information Document is attached hereto as Exhibit C.

French Translation. The following is a French translation of Section 2 of the Global Subscription Agreement:

Montant de la Contribution. Par la présente, j'autorise des déductions sur mon salaire d'un pourcentage de ma Rémunération (de 1% à 15%) sur chacune de mes fiches de paie de chaque jour de paie, tel qu'indiqué sur la page de souscription en ligne (et, comme j'ai la possibilité de modifier, dans la mesure permise par le Plan d'Achat d'Actions et de l'Administrateur), et ce durant toute la Période d'Offre en vertu du Plan d'Achat d'Actions. (Merci de noter qu'aucune décimale n'est autorisée dans les pourcentages). Je reconnais qu'un pourcentage de ma Rémunération inférieur à celui indiqué par moi peut être cotisé si nécessaire pour se conformer aux lois applicables (en particulier les lois applicables relatives aux exigences de salaire minimum).

Je comprends que le Plan d'Achat d'Actions est un régime volontaire et je reconnais que toutes les retenues salariales que je choisis de cotiser à le Plan d'Achat d'Actions sont effectuées sur une base entièrement volontaire. Je comprends que ces déductions opérées sur mon salaire seront accumulées pour l'achat des Actions au Prix d'Achat applicable déterminé en vertu du Plan d'Achat d'Actions. Je comprends également que, sous réserve des dispositions du Plan d'Achat d'Actions, je peux modifier le taux de mes retenues salariales ou librement me retirer de la participation au Plan d'Achat d'Actions (par le biais du processus électronique désigné par la Société) et recevoir un remboursement intégral de toutes les contributions volontaires que j'ai versées dans le cadre de le Plan d'Achat d'Actions qui n'ont pas été affectées à l'achat d'Actions. Enfin, je comprends que si je ne me retire pas durant la Période d'Offre, toute accumulation de déductions sur mon salaire serait automatiquement utilisée pour exercer mon option et acheter des Actions en vertu du Plan d'Achat d'Actions.

À moins que je ne me retire du Plan d'Achat d'Actions, ou que je ne devienne inéligible au Plan d'Achat d'Actions, ou à moins que le Plan d'Achat d'Actions ne soit dénoncé par la Société, je continuerai à souscrire au Plan d'Achat d'Actions au cours des Périodes d'Offres suivantes et les Actions seront acquises en mon nom à la Date d'Exercice applicable avec le montant total des déductions effectuées sur mon salaire. La souscription au Plan d'Achat d'Actions continuera d'être régie par cet Accord et le Plan d'Achat d'Actions. A sa discrétion et dans la mesure permise par le Plan d'Achat d'Actions, la Société pourra modifier le Plan d'Achat d'Actions et/ou cet Accord, et en continuant à souscrire au Plan d'Achat d'Actions, sans avoir besoin de fournir un consentement exprès, j'accepte les termes et conditions du Plan d'Achat d'Actions modifié et/ou de l'Accord.

J'accepte de signer un accord de participation distinct avec la Société ou l'Employeur (tel que défini ci-dessous), ou tout autre accord ou consentement qui pourrait être requis par la Société ou l'Employeur dans le cadre de cette autorisation, maintenant ou à l'avenir. Je comprends que je ne pourrai pas participer à le Plan d'Achat d'Actions si je n'exécute pas un tel consentement ou accord.

Language Consent. By enrolling in the ESPP, I confirm having read and understood the documents relating to the grant of the option to purchase shares of Common Stock under the ESPP, which were provided in the English language. I accept the terms of those documents accordingly.

Accord sur la langue. En souscrivant au Plan d'Achat d'Actions, je confirme avoir lu et compris les documents en lien avec l'octroi du droit d'acquérir des actions en vertu du Plan d'Achat d'Actions, lesquels m'ont été communiqués en langue anglaise. J'accepte les termes de ces documents en connaissance de cause.

GERMANY

Notifications

Securities Law Information. The Company has prepared and made available an Information Document in reliance on an exemption from prospectus requirements that may otherwise apply to the offer of the ESPP in Germany. The Information Document is attached hereto as Exhibit C.

Exchange Control Information. Certain cross-border transactions in excess of a certain threshold (currently €50,000) (the "Threshold") must be reported to the German Federal Bank (*Bundesbank*). If I make or receive a payment in excess of the Threshold (including if I acquire shares of Common Stock under the ESPP with a value in excess of the Threshold or sell shares of Common Stock via a foreign broker, bank or service provider and receive proceeds in excess of the Threshold) and/or if the Company withholds or sells shares of Common Stock with a value in excess of the Threshold to cover Tax-Related Items, I must report the payment and/or the value of the shares of Common Stock withheld or sold to the *Bundesbank*, either electronically using the "General Statistics Reporting Portal" ("Allgemeine Meldeportal Statistik") available via the *Bundesbank's* website

(www.bundesbank.de) or via such other method (e.g., by email or telephone) as is permitted or required by the *Bundesbank*. The report must be submitted monthly or within other such timing as is permitted or required by the *Bundesbank*. I understand I am responsible for complying with applicable reporting requirements.

GREECE

There are no country-specific provisions.

GUERNSEY

There are no country-specific provisions.

HONG KONG

Notifications

Securities Law Information. Warning: *The option to purchase shares of Common Stock and the issuance of shares of Common Stock upon purchase do not constitute a public offer of securities under Hong Kong law and are available only to Eligible Employees. The ESPP, the Agreement, this Appendix and other incidental communication materials that I may receive have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under applicable securities laws in Hong Kong. Furthermore, none of the documents relating to the ESPP have been reviewed by any regulatory authority in Hong Kong. I understand that I should exercise caution in relation to the offer. If I am in any doubt about any of the contents of the ESPP, the Agreement, this Appendix or any other communication materials, I should obtain independent professional advice.*

HUNGARY

Terms and Conditions

Authorization for Payroll Deductions. I understand that as a condition of my participation in the ESPP, I will be required to execute the attached Consent for Deduction form. I understand that, by electronically accepting this Agreement, I am executing the attached Consent for Deduction form. I understand that I will not be able to participate in the ESPP until the Company receives my executed form.

(Consent for Deduction form on next page)

CONSENT FOR DEDUCTION

I, the undersigned, in order to participate in the Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan ("ESPP"), authorize my employer to withhold payroll deductions in the amount of my Compensation I indicated on the online enrollment page, or such other percentage as subsequently selected by me under the ESPP. I understand that this amount must not be less than 1% and not more than 15% of my Compensation for any purchase period with the reservation that the deductions are made in accordance with the applicable provisions of the Hungarian labor law.

I acknowledge and agree that any past payroll deductions from my Compensation with respect to my participation in the ESPP complied with Hungarian law and that I authorized all such deductions.

All the terms written in capital letters shall have the meanings given to them in the ESPP.

In case of any discrepancies between the Hungarian language version of this document and its English language version, the Hungarian language version shall prevail.

HOZZÁJÁRULÁS LEVONÁSHOZ

Alulírott, a Palo Alto Networks, Inc. 2012 Munkavállalói Részvényvásárlási Programjában ("Program") való részvételem érdekében felhatalmazom a munkáltatót, hogy a nettó munkabéremből levonja a Kompenzációnak az általam az online jelentkezési oldalon megjelölt összegét, vagy az általam a Program ideje alatt a későbbiekben meghatározott százalékát. Tudomásul veszem, hogy ez az összeg nem lehet kevesebb, mint a Kompenzációm egy százaléka és nem haladhatja meg annak tizenöt százalékát egyetlen vásárlási időszakban sem, feltéve, hogy a levonások a magyar munkajog vonatkozó rendelkezéseinek megfelelően történtek.

Tudomásul veszem és elfogadom, hogy a Kompenzációból korábban a Programban való részvételemre tekintettel teljesített levonások a magyar jogszabályoknak megfelelően történtek, és ezen levonásokhoz hozzájárultam.

Valamennyi nagybetűs fogalom a Programban meghatározott jelentéssel bír.

Jelen dokumentum magyar és angol nyelvű változata közötti bármilyen eltérés esetén a magyar nyelvű változat az irányadó.

INDIA

Terms and Conditions

Tax Collection at Source. By enrolling and participating in the ESPP, I understand that Tax Collection at Source (“TCS”) may apply to funds remitted out of India if the funds exceed a certain amount (currently, INR 1,000,000) during the Indian fiscal year (“TCS Threshold”). Therefore, my annual remittances out of India, including my payroll deductions contributed under the ESPP, may be subject to TCS. Depending on the procedures established by the Employer and the bank remitting the funds out of India, I understand and agree that the Company or the Employer may deduct any applicable TCS via any withholding method set forth in Section 4 of the Global Subscription Agreement. If any applicable TCS is not deducted via any withholding method set forth in Section 4 of the Global Subscription Agreement, I understand that the Employer or the bank may collect any applicable TCS from my contributed payroll deductions and remit the remaining payroll deductions to the Company which may impact the number of shares of Common Stock that I will be able to purchase with my payroll deductions under the ESPP. I understand that I may be required to provide a declaration to the Employer or the bank remitting the funds regarding whether the TCS Threshold has been reached based on all my remittances out of India, including payroll deductions contributed under the ESPP, and I agree to provide such declaration upon request.

Notifications

Exchange Control Information. I understand that I must repatriate any proceeds from the sale of shares of Common Stock purchased under the ESPP and any dividends received in relation to the shares of Common Stock to India and convert the proceeds into local currency within such period of time as required under applicable regulations. I should obtain a foreign inward remittance certificate (the “FIRC”) from the bank where I deposit the foreign currency and maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. I also agree to provide any information that may be required by the Company or the Employer to make any applicable filings under exchange control laws in India.

INDONESIA

Terms and Conditions

Language Consent. By enrolling and participating in the ESPP, I (i) confirm having read and understood the documents relating to the grant (i.e., the ESPP and the Agreement) which were provided in the English language, (ii) accept the terms of those documents accordingly, and (iii) agree not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation.

Persetujuan Bahasa. Dengan mendaftar dan ikut serta dalam ESPP, saya (i) memberikan konfirmasi bahwa saya telah membaca dan memahami dokumen-dokumen berkaitan dengan pemberian ini (yaitu, ESPP dan Perjanjian) yang disediakan dalam Bahasa Inggris, (ii) menerima persyaratan di dalam dokumen-dokumen tersebut, dan (iii) setuju untuk tidak mengajukan keberatan atas keberlakuan dari dokumen ini berdasarkan Undang-Undang No. 24 Tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan ataupun Peraturan Presiden sebagai pelaksanaannya.

Notifications

Exchange Control Information. Indonesian residents are obliged to provide the Indonesian central bank (Bank Indonesia) with information on foreign exchange activities. The reporting must be completed online through Bank Indonesia’s website, no later than the 15th day of the month following the month in which the foreign exchange activity took place.

In addition, if I remit funds into or out of Indonesia (e.g., proceeds from the sale of shares of Common Stock), the Indonesian Bank through which the transaction is made will submit a report of the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions that equal or exceed a certain threshold (currently US \$10,000), a description of the transaction must be included in the report.

IRELAND

Notifications

Director Notification Obligation. Directors, shadow directors or secretaries of an Irish Subsidiary must notify the Irish Subsidiary in writing if they receive or dispose of an interest in the Company representing more than 1% of the Company’s voting share capital (e.g., right to purchase shares of Common Stock under the ESPP, shares, etc.), if they become aware of the

event giving rise to the notification requirement or if they become a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of the spouse or children under the age of 18 of the director, shadow director or secretary (whose interests will be attributed to the director, shadow director or secretary).

ISRAEL

Terms and Conditions

Israeli Appendix. I acknowledge and agree that the offer of the ESPP is subject to the terms and conditions of the Appendix - Israeli Taxpayers to the ESPP, which has been provided or otherwise made available to me.

ITALY

Terms and Conditions

ESPP Document Acknowledgment. In participating in the ESPP, I acknowledge that I have received a copy of the ESPP and the Agreement and have reviewed the ESPP and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the ESPP and the Agreement. I further acknowledge that I have read and specifically and expressly approve the following sections of the Global Subscription Agreement: Section 4 - Responsibility for Taxes; Section 5 - Nature of Grant; Section 7 - Governing Law; Section 8 - Language; Section 9 - Electronic Delivery and Acceptance; Section 10 - Severability; and the Data Privacy Provisions for Participants who reside in European Union / European Economic Area member states, Switzerland and the United Kingdom above in this Appendix.

JAPAN

There are no country-specific provisions.

KOREA

Terms and Conditions

Power of Attorney. If so requested by the Company or the Employer, I understand that I must print, sign and return a Power of Attorney in a form provided to me by the Company or the Employer to my local human resources representative in order to participate in the ESPP.

Notifications

Exchange Control Information. Korean residents may need to file a report with a Korean foreign exchange bank if the Korean resident sells shares of Common Stock acquired under the ESPP and/or receives cash dividends in excess of a certain threshold (currently US\$5,000) (per transaction) and deposits the proceeds into a non-Korean bank account. The reporting is not required if proceeds are deposited into a non-Korean brokerage account. I am responsible for complying with any applicable exchange control reporting obligations in Korea and I should consult my personal legal advisor to determine my personal reporting obligations.

LATVIA

There are no country-specific provisions.

LITHUANIA

Terms and Conditions

Language Consent. By enrolling and participating in the ESPP, I unambiguously and irrevocably confirm having read and understood the documents relating to the ESPP (the Plan and the Agreement), which were prepared and provided in English language. I confirm and wholly accept the terms of those documents accordingly.

Registruodamas ir dalyvaudamas ESPP, nedviprasmiškai ir neatšaukiamai patvirtinu, kad perskaitė ir suprato dokumentus susijusius su ESPP (Planą ir Sutartį), kurie buvo parengti ir pateikti anglų kalba. Atitinkamai, patvirtina ir visiškai sutinka su dišiose dokumentuose išdėstytomis sąlygomis.

Notifications

Foreign Asset/Account Reporting Information. Lithuanian residents holding shares of Common Stock acquired under the ESPP outside Lithuania (in the securities accounts open with the non-Lithuanian brokers, credit institutions or similar) have to declare their foreign accounts where such securities are held to the State Tax Inspectorate of the Republic of Lithuania ("STI").

Tax Reporting Information. I understand that I must file an annual tax return providing details of income received from abroad (including income in kind, e.g., the shares of Common Stock once they are obtained under the title of ownership) to the STI.

LUXEMBOURG

There are no country-specific provisions.

MALAYSIA

Terms and Conditions

Data Privacy. This provision replaces the Data Privacy Provisions for Participants who reside outside of European Union / European Economic Area member states, Switzerland and the United Kingdom above in this Appendix:

I consent to the collection, use and transfer, in electronic or other form, of my personal data as described in the Global Subscription Agreement and any other Plan grant materials by and among, as applicable, the Employer, the Company and any other Subsidiary or Affiliate or any third parties authorized by the same in assisting in the implementation, administration and management of my participation in the ESPP.

I may have previously provided the Company and the Employer with, and the Company and the Employer may hold, certain personal information about me, including, but not limited to, my name, home address, email address and telephone number; date of birth, social insurance number; passport or other identification number; salary, nationality, job title, any shares of stock or directorships held in the Company, the fact and conditions of my participation in the ESPP, details of all options or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in my favor ("Data"), for the exclusive purpose of implementing, administering and managing the ESPP.

*I also authorize any transfer of Data, as may be required, to E*TRADE Financial Services, Inc. and its affiliates ("E*TRADE") or such designated broker which may be assisting the Company with the implementation, administration and management of the ESPP in the future and with whom any shares acquired upon exercise of the options are deposited. I acknowledge that these recipients may be located in my country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections to my country, which may not give the same level of protection to Data. I understand that I may request a list with the names and addresses of any potential recipients of Data by contacting my local human resources representative. I authorize the Company, E*TRADE and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing my participation in the ESPP to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the ESPP. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the ESPP. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case, without cost, by contacting in writing my local human resources representative, whose contact details are equity@paloaltonetworks.com.*

Further, I understand that I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke my consent, my employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing my consent is that the Company would not be able to grant future options or other equity awards to me or administer or maintain such awards. Therefore, I understand that refusing or withdrawing my consent may affect my ability to participate in the ESPP. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Notifications

Saya bersetuju dengan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi saya seperti yang dinyatakan dalam Perjanjian Langganan dan apa-apa bahan geran Pelan oleh dan di antara, sebagaimana yang berkenaan, Majikan, Syarikat dan mana-mana Anak Syarikat atau Syarikat Sekutu atau mana-mana pihak ketiga yang diberi kuasa oleh yang sama untuk membantu dalam pelaksanaan, pentadbiran dan pengurusan penyertaan saya dalam Pelan.

Sebelum ini, saya mungkin telah membekalkan Syarikat dan Majikan dengan, dan Syarikat dan Majikan mungkin memegang, maklumat peribadi tertentu tentang saya, termasuk, tetapi tidak terhad kepada, nama saya, alamat rumah, alamat emel dan nombor telefon, tarikh lahir, nombor insurans sosial, pasport atau nombor pengenalan lain, gaji, kewarganegaraan, jawatan, apa-apa syer atau saham atau jawatan pengarah yang dipegang dalam Syarikat, fakta dan syarat-syarat penyertaan saya dalam Pelan, butir-butir semua opsyen atau apa-apa hak lain untuk Syer yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedah saya ("Data"), untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan.

*Saya juga memberi kuasa untuk membuat apa-apa pemindahan Data, sebagaimana yang diperlukan, kepada E*TRADE Financial Services, Inc. dan syarikat sekutunya ("E*TRADE") atau broker yang ditetapkan yang mungkin membantu Syarikat dalam pelaksanaan, pentadbiran dan pengurusan Pelan pada masa depan dan dengan sesiapa yang didepositkan dengan Syer-syer yang diperolehi melalui pelaksanaan opsyen. Saya mengakui bahawa penerima-penerima ini mungkin berada di negara saya atau di tempat lain, dan bahawa negara penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara saya, yang mungkin tidak boleh memberi tahap perlindungan yang sama kepada Data. Saya faham bahawa saya boleh meminta senarai nama dan alamat mana-mana penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan saya. Saya memberi kuasa kepada Syarikat, E*TRADE dan mana-mana penerima lain yang mungkin membantu Syarikat (masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan penyertaan saya dalam Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan tunggal untuk melaksanakan, mentadbir dan menguruskan penyertaan saya dalam Pelan. Saya faham bahawa Data akan dipegang hanya untuk tempoh yang diperlukan untuk melaksanakan, mentadbir dan menguruskan penyertaan saya dalam Pelan. Saya faham bahawa saya boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemrosesan Data, meminta apa-apa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi equity@paloaltonetworks.com.*

Selanjutnya, saya memahami bahawa saya memberikan persetujuan di sini secara sukarela. Jika saya tidak bersetuju, atau jika saya kemudian membatalkan persetujuan saya, status pekerjaan atau perkhidmatan saya dengan Majikan tidak akan terjejas; satu-satunya akibat jika saya tidak bersetuju atau menarik balik persetujuan saya adalah bahawa Syarikat tidak akan dapat memberikan opsyen pada masa depan atau anugerah ekuiti lain kepada saya atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, saya faham bahawa keengganan atau penarikan balik persetujuan saya boleh menjejaskan keupayaan saya untuk mengambil bahagian dalam Pelan. Untuk maklumat lanjut mengenai akibat keengganan saya untuk memberikan keizinan atau penarikan balik keizinan, saya fahami bahawa saya boleh menghubungi wakil sumber manusia tempatan saya.

Director Notification Obligation. Malaysian resident participants who are directors of a Malaysian Subsidiary or Affiliate are subject to certain notification requirements under the Malaysian Companies Act 2016. Among these requirements is an obligation to notify the Malaysian Subsidiary or Affiliate in writing when receiving or disposing of an interest (e.g., purchase rights, shares, etc.) in the Company or any related company. This notification must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

MEXICO

Terms and Conditions

Acknowledgement of the Agreement. By enrolling and participating in the ESPP, I acknowledge that I have received a copy of the ESPP and the Agreement, including this Appendix, which I have reviewed. I further acknowledge that I accept all the provisions of the ESPP and the Agreement, including this Appendix. I also acknowledge that I have read and specifically and expressly approves the terms and conditions set forth in Section 5 of the Global Subscription Agreement, which clearly provide as follows:

- (1) My participation in the ESPP does not constitute an acquired right;
- (2) The ESPP and my participation in it are offered by the Company on a wholly discretionary basis;
- (3) My participation in the ESPP is voluntary; and
- (4) The Company and any of its Parent and Subsidiaries are not responsible for any decrease in the value of any shares of Common Stock purchased under the ESPP.

Labor Law Policy and Acknowledgment. I expressly recognize that the Company, with registered offices at 3000 Tannery Way, Santa Clara, California 95054, USA, is solely responsible for the administration of the ESPP and that my participation in the ESPP and purchase of shares of Common Stock does not constitute an employment relationship between myself and the Company since I am participating in the ESPP on a wholly commercial basis. Based on the foregoing, I expressly recognize that the ESPP and the benefits that I may derive from participation in the ESPP do not establish any rights between myself and the Employer and do not form part of the employment conditions and/or benefits provided by the Employer and any modification of the ESPP or its termination shall not constitute a change or impairment of the terms and conditions of my employment.

I further understand that my participation in the ESPP is as a result of a unilateral and discretionary decision of the Company, therefore, the Company reserves the absolute right to amend and/or discontinue my participation at any time without any liability to me.

Finally, I hereby declare that I do not reserve any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the ESPP or the benefits derived under the ESPP, and I therefore grant a full and broad release to the Company, its branches, representation offices, shareholders, officers, agents or legal representatives and any Subsidiary or Affiliate with respect to any claim that may arise.

Reconocimiento del Convenio. *Al inscribirme y participar en el ESPP, reconozco que he recibido y revisado una copia del ESPP y del Convenio, incluyendo este Apéndice. De igual forma, reconozco y acepto todas las disposiciones del ESPP y del Convenio, incluyendo el apéndice. También reconozco que he leído y que apruebo de forma expresa todos los términos y condiciones establecidos en la sección 5 del Convenio de Suscripción Global, que claramente establece lo siguiente:*

- (1) *Mi participación en el ESPP no constituye un derecho adquirido;*
- (2) *El ESPP y mi participación en el mismo se ofrecen por la Compañía de forma totalmente discrecional;*
- (3) *Mi participación en el ESPP es voluntaria; y*
- (4) *La Compañía y sus Subsidiarias no son responsables por ninguna disminución en el valor de las acciones que pudiera adquirir bajo el ESPP.*

Política Laboral y Reconocimiento. *Reconozco expresamente que la Compañía, con sus oficinas registradas en 3000 Tannery Way, Santa Clara, California 95054, Estados Unidos, es el único responsable de la administración del ESPP y que mi participación en el mismo y la compra de Acciones no constituye de ninguna manera una relación laboral entre mi persona y la Compañía, dado que mi participación en el ESPP deriva únicamente de una relación comercial. Derivado de lo anterior, expresamente reconozco que el ESPP y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre mi persona y el empleador y no forman parte de las condiciones laborales y/o prestaciones otorgadas por el empleador, y cualquier modificación al ESPP o la terminación del mismo no podrá ser interpretada como una modificación o degradación de los términos y condiciones de mi trabajo.*

Asimismo, entiendo que mi participación en el ESPP es resultado de la decisión unilateral y discrecional de la Compañía, por lo tanto, la Compañía se reserva el derecho absoluto para modificar y/o terminar mi participación en cualquier momento, sin ninguna responsabilidad para mi persona.

Finalmente, manifiesto que no me reservo ninguna acción o derecho que origine una demanda en contra de la Compañía, por cualquier compensación o daño en relación con cualquier disposición del ESPP o de los beneficios derivados del mismo, y en consecuencia otorgo un amplio y total finiquito a la Compañía, sus sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales o de cualquier Subsidiaria o Afiliada con respecto a cualquier demanda que pudiera surgir.

Notifications

Securities Law Information. The option to purchase shares of Common Stock and any shares of Common Stock acquired under the ESPP have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the ESPP, the Agreement and any other document relating to the option to purchase shares of Common Stock may not be publicly distributed in Mexico. I acknowledge that these materials are addressed to me because of my existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but rather constitutes a private placement of securities addressed specifically to Eligible Employees made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NETHERLANDS

Notifications

Securities Law Information. The Company has prepared and made available an Information Document in reliance on an exemption from prospectus requirements that may otherwise apply to the offer of the ESPP in the Netherlands. The Information Document is attached hereto as Exhibit C.

NEW ZEALAND

Notifications

Securities Law Information. Warning: *I understand that I am being offered an opportunity to participate in the ESPP, which allows me to purchase shares of Common Stock under the ESPP in accordance with the terms of the ESPP and the Agreement. The shares of Common Stock, if purchased, give me a stake in the ownership of the Company. I may receive a return if dividends are paid.*

If the Company runs into financial difficulties and is wound up, I will be paid only after all creditors and holders of preference shares have been paid. I may lose some or all of my investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, I may not be given all the information usually required. I will also have fewer other legal protections for this investment.

I understand that I should ask questions, read all documents carefully, and seek independent financial advice before committing myself.

The right to purchase shares of Common Stock under the ESPP is not quoted. The Common Stock is quoted and approved for trading on the Nasdaq Global Select Market. This means that, if I purchase shares of Common Stock under the ESPP, I may be able to sell my investment on the Nasdaq Global Select Market if there are interested buyers. I understand that I may get less than I invested. The price will depend on the demand for the Common Stock.

For information on risk factors impacting the Company's business that may affect the value of the shares of Common Stock, I should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's website at <http://investors.paloaltonetworks.com/>.

NORWAY

There are no country-specific provisions.

PHILIPPINES

Terms and Conditions

Necessary Approvals. The offering of the ESPP is subject to certain securities approval/confirmation requirements in the Philippines with the Philippine Securities and Exchange Commission. If the Company has not obtained, or does not maintain, the necessary securities approval/confirmation prior to any Exercise Date(s), the Company may return payroll deductions credited to my account but not used to purchase shares of Common Stock during the Purchase Period, without interest, or take such other steps as it determines in its sole discretion to be necessary for the implementation of the ESPP.

Notifications

Securities Law Information. I acknowledge that there are risks with participating in the ESPP, which include (without limitation) the risk of fluctuation in the price of the shares of Common Stock on the Nasdaq Global Select Market and the risk of currency fluctuations between the U.S. dollar and my local currency. In this regard, I should note that the value of any shares of Common Stock I may acquire under the ESPP may decrease after the shares of Common Stock are issued, and fluctuations in foreign exchange rates between my local currency and the U.S. dollar may affect the value of the shares of Common Stock or any amounts due to me pursuant to the exercise of the options or the subsequent sale of any shares of Common stock. The Company is not making any representations, projections or assurances about the value of the shares of Common Stock now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the shares of Common Stock, I understand that I can refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's website at <https://investors.paloaltonetworks.com/>. In addition, I may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company's stockholders by contacting Investor Relations at Palo Alto Networks, Inc., 3000 Tannery Way, Santa Clara, California 95054 U.S.A. and at +1 (408) 753-4000.

I acknowledge that I am permitted to sell shares of Common Stock acquired under the ESPP through the designated broker appointed by the Company (or such other broker to whom I transfer shares of Common Stock), provided that such sale takes place outside of the Philippines through the facilities of the Nasdaq Global Select Market on which the shares of Common Stock are listed.

POLAND

Terms and Conditions

Authorization for Payroll Deductions. I understand that as a condition of my participation in the ESPP, I will be required to execute the attached Consent for Deduction form. I understand that, by electronically accepting this Agreement, I am executing the attached Consent for Deduction form. I understand that I will not be able to participate in the ESPP until the Company receives my executed form.

Notifications

Securities Law Information. The Company has prepared and made available an Information Document in reliance on an exemption from prospectus requirements that may otherwise apply to the offer of the ESPP in Poland. The Information Document is attached hereto as Exhibit D.

Exchange Control Information. Polish residents holding foreign securities (including shares of Common Stock) and maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such transactions or balances exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland. In addition, transfers of funds in excess of a certain threshold (currently €15,000, or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into and out of Poland must be made via a bank account held at a bank in Poland. Polish residents are required to store all documents related to any foreign exchange transactions for a period of five years. I understand that I am responsible for complying with all applicable exchange control regulations.

(Consent for Deduction form on next page)

CONSENT FOR DEDUCTION

I, in order to participate in the Palo Alto Networks, Inc. Employee Stock Purchase Plan ("Plan"), authorize my employer Palo Alto Networks (Poland) sp. z o.o. to withhold payroll deductions at the percentage of my Compensation I indicated on the online enrollment page, which I may subsequently change to the extent allowed under the Plan and by the Administrator. I understand that this amount must not be less than 1% and not more than 15% of my Compensation for any Offering Period with the reservation that the deductions are made in accordance with the applicable provisions of the Polish labor law.

I acknowledge and agree that any past payroll deductions from my Compensation with respect to my participation in the Plan complied with Polish law and that I authorized all such deductions.

All the terms written in capital letters shall have the meanings given to them in the Plan.

In case of any discrepancies between the Polish language version of this document and its English language version, the Polish language version shall prevail.

ZGODA NA POTRĄCENIE

Ja, w celu uczestnictwa w Palo Alto Networks, Inc. Employee Stock Purchase Plan ("Plan"), upoważniam mojego pracodawcę Palo Alto Networks (Poland) sp. z o.o. do potrącenia procentu mojego Wynagrodzenia wskazanego przeze mnie na stronie rejestracji on-line, którą mogę następnie zmienić w zakresie dozwolonym przez Plan oraz Administratora. Przyjmuję do wiadomości, iż ta kwota nie może być mniejsza niż 1% i większa niż 15% mojego Wynagrodzenia w każdym Okresie Oferty z zastrzeżeniem, że potrącenia będą dokonywane zgodnie z obowiązującymi przepisami polskiego prawa pracy.

Niniejszym potwierdzam i zgadzam się z tym, że jakiegokolwiek przeszłe potrącenia z mojego wynagrodzenia dokonane w związku z moim uczestnictwem w Planie były zgodne z polskim prawem i że wyraziłem/am na nie zgodę.

Wszystkie terminy pisane wielkimi literami mają znaczenie przypisane im w ramach Planu.

W przypadku jakichkolwiek rozbieżności pomiędzy polską a angielską wersją językową niniejszego dokumentu, wersja polska ma charakter wiążący.

PORTUGAL

Terms and Conditions

Language Consent. I hereby agree to receive information related to the ESPP in English through my participation in the ESPP. Specifically, I acknowledge as follows:

I hereby expressly declare that I have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the ESPP and the Agreement.

Por meio do presente, eu declaro expressamente que tem pleno conhecimento da língua inglesa e que li, compreendi e livremente aceitei e concordei com os termos e condições estabelecidas no Plano e no Acordo.

Notifications

Exchange Control Information. If I hold shares of Common Stock acquired under the ESPP, the acquisition of shares should be reported to the Banco de Portugal for statistical purposes. If the shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on my behalf. If the shares are not deposited with a commercial bank or financial intermediary in Portugal, I am responsible for submitting the report to the Banco de Portugal.

QATAR

Notifications

Securities Law Information. The options granted under the ESPP and any shares of Common Stock issued under the ESPP have not been offered, sold or delivered and will not be offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering.

The Agreement, the ESPP and any other incidental communication materials distributed in connection with the ESPP have not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. The Agreement, the ESPP and any other incidental communication materials distributed in connection with the ESPP are intended only for Eligible Employees and must not be provided to any other person. These materials are not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

ROMANIA

Terms and Conditions

Language Consent. By participating in the ESPP, I acknowledge that I am proficient in reading and understanding English and fully understand the terms of the documents related to my participation (the ESPP and the Agreement), which were provided in the English language. I accept the terms of those documents accordingly.

Consimtământ cu privire la limba. Prin participarea la planul ESPP, confirm că am un nivel adecvat de cunoaștere în ce privește citirea și înțelegerea limbii engleze, am înțeles pe deplin termenii documentelor referitoare la participarea mea (planul ESPP și Formularul de aderare/schimbare, inclusiv această Anexă), care au fost furnizate în limba engleză. Accept termenii acestor documente în mod corespunzător.

Notifications

Exchange Control Information. If I deposit the proceeds from the sale of shares of Common Stock acquired under the ESPP into a bank account in Romania, I may be required to provide the Romanian bank with appropriate documentation explaining the source of the funds. I understand that I should consult with my personal legal advisor to determine whether I will be required to submit such documentation to the Romanian bank.

SAUDI ARABIA

Terms and Conditions

Purchase of Shares. I understand that no shares of Common Stock will be purchased on my behalf under the ESPP, provided the Company, in its sole discretion, determines that such purchase does not comply with securities law requirements in Saudi Arabia.

Notifications

Securities Law Information. The Agreement and related ESPP plan document may not be distributed in Saudi Arabia except to such persons as are permitted under the Offers of Securities and Continuous Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of the Agreement and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Agreement. I should conduct my own due diligence on the accuracy of the information relating to the shares of Common Stock. If I do not understand the contents of the Agreement, I should consult an authorized financial advisor.

SINGAPORE

Terms and Conditions

Restriction on Sale and Transferability of Shares. I understand and acknowledge that my option to purchase shares of Common Stock is subject to section 257 of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) and I will not be able to make any subsequent sale of shares of Common Stock in Singapore, or any offer of the shares of Common Stock acquired under the ESPP unless such sale or offer in Singapore is made (i) more than six months from the date of offer, (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or (iii) pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Notifications

Securities Law Information. I understand that the option to purchase shares of Common Stock under the ESPP is being granted to me pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA. I further understand that the ESPP has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Reporting Notice. If I am a director, associate director or shadow director of a Singapore Subsidiary or Affiliate, as such terms are used in the Singapore Companies Act (the “SCA”), I agree to comply with notification requirements under the SCA. Among these requirements is an obligation to notify the Singapore Subsidiary or Affiliate in writing when I receive an interest (e.g., shares of Common Stock) in the Company or any related companies (including when I sell shares acquired under the ESPP). In addition, I must notify the Singapore Subsidiary or Affiliate when I sell or receive shares of the Company or any related company (including when I sell or receive shares under the ESPP). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, I acknowledge that a notification must be made of my interests in the Company or any related company within two business days of becoming a director.

SLOVENIA

Terms and Conditions

Language Consent. By enrolling in the ESPP, I acknowledge that I am proficient in reading and understanding English and fully understand the terms of the documents related to the grant (the Agreement and the ESPP), which were provided in the English language. I accept the terms of those documents accordingly.

Soglasje za uporabo angleškega jezika. Z vpisom v ESPP (plan) priznavam in potrjujem, da sem sposoben brati in razumeti angleški jezik ter v celoti razumem pogoje dokumentov, povezanih z dodelitvijo (pogodba (Agreement) in ESPP (plan)), ki so bili posredovani v angleškem jeziku. Skladno s tem sprejemam pogoje teh dokumentov.

SOUTH AFRICA

Terms and Conditions

Tax Clearance Certificate for ESPP Participation. I understand that in order to participate in the ESPP, I may be required to obtain and provide to the Employer, or any third party designated by the Employer or the Company, a Tax Clearance Certificate (with respect to foreign investments – see Exchange Control Information below) bearing the official stamp and signature of the Exchange Control Department of the South African Revenue Service (“SARS”) and I must renew this Tax Clearance Certificate each year or such other period as may be required by the SARS. I acknowledge that my failure to provide a valid Tax Clearance Certificate by the deadline provided by the Employer or the Company may result in my withdrawal from participation in the ESPP.

Notifications

Securities Law Information. The documents listed below are available for my review on the Company's website at <https://investors.paloaltonetworks.com> and the Company's intranet:

1. The Company's most recent annual financial statements; and
2. The Company's most recent ESPP prospectus.

A copy of the above documents will be sent to me free of charge on written request to equity@paloaltonetworks.com.

I should carefully read the materials provided before making a decision whether to participate in the ESPP. In addition, I should contact my tax advisor for specific information concerning my personal tax situation with regard to ESPP participation.

Exchange Control Information. Under current South African exchange control policy, South African residents may invest a maximum of a certain threshold (currently ZAR 11 million) per annum in offshore investments, including in shares of Common Stock. The ZAR 11 million allowance consists of a ZAR 1 million annual discretionary allowance which may be utilized for investment and non-investment purposes and without prior authorization, and a ZAR 10 million annual allowance which may be utilized solely for investment purposes and requires a tax clearance certificate. These limits do not apply to non-resident Participants.

It is my responsibility to ensure that I do not exceed the combined limit. This limit is a cumulative allowance; therefore, my ability to remit funds for the purchase of Common Stock will be reduced if my foreign investment limit is utilized to make a transfer of funds offshore that is unrelated to the ESPP. If the ZAR 11 million limit will be exceeded as a result of a purchase under the ESPP, I may still participate in the ESPP; however, I will need to immediately sell the shares of Common Stock purchased on my behalf under the ESPP and repatriate the proceeds to South Africa in order to ensure that I do not hold assets outside South Africa with a value in excess of the permitted offshore investment allowance amount.

As the investment limit and other exchange control requirements are subject to change without notice, I should consult my personal legal advisor prior to the purchase or sale of shares of Common Stock under the ESPP to ensure compliance with current regulations. I am solely responsible for complying with exchange control requirements in South Africa and neither the Company nor any Subsidiary or Affiliate will be liable for any fines or penalties resulting from my failure to do so.

SPAIN

Terms and Conditions

Nature of Grant. This provision supplements Section 5 of the Global Subscription Agreement:

By enrolling in the ESPP, I consent to participation in the ESPP and acknowledge that I have received a copy of the ESPP.

I understand and agree that I will cease to be a Participant in the ESPP upon the termination of my status as an Eligible Employee for any reason (including for the reasons listed below) and my payroll deductions shall cease and be returned to me, without interest, as soon as administratively possible.

In particular, I understand and agree that I will no longer be able to participate in the ESPP and any right to the shares of Common Stock will be forfeited upon the termination of my status as an Eligible Employee due to, but not limited to: resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, I understand that the Company has unilaterally, gratuitously and discretionally decided to grant options to purchase shares of Common Stock under the ESPP to individuals who may be Eligible Employees. The decision is a limited decision that is entered into upon the express assumption and condition that (i) any grant will not economically or otherwise bind the Company or any Subsidiary or Affiliate on an ongoing basis; (ii) the option and any shares of Common Stock purchased under the ESPP are not part of any employment contract either with the Company or any Subsidiary or Affiliate and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever; and (iii) my participation in the ESPP will cease upon the termination of my status as an Eligible Employee, as detailed above. In addition, I understand that the option to purchase shares of Common Stock would not be granted to me but for the assumptions and conditions referred to herein; thus, I acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of the option to purchase shares of Common Stock shall be null and void.

Notifications

Securities Law Information. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the ESPP or the shares of Common Stock acquired pursuant thereto. The Agreement (including this Appendix) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information. When receiving foreign currency payments exceeding a certain threshold (currently €50,000, per type of asset or right) derived from the ownership of any shares of Common Stock (*i.e.*, dividends or sale proceeds), I acknowledge that I must inform the financial institution receiving the payment of the basis upon which such payment is made. I will need to provide the institution with the following information: (i) my name, address, and tax identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) further information that may be required.

I am required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the shares held in such accounts if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed a certain threshold (currently €1,000,000). Different thresholds and deadlines to file this declaration apply. However, if neither such transactions during the immediately preceding year nor the balances / positions as of December 31 exceed a certain threshold (currently €1,000,000), no such declaration must be filed unless expressly required by the Bank of Spain. If any of such thresholds were exceeded during the current year, I may be required to file the relevant declaration corresponding to the prior year, however, a summarized form of declaration may be available. I should consult my personal tax or legal advisor for further information regarding these exchange control reporting obligations.

SWEDEN

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 4 of the Global Subscription Agreement:

Without limiting the Company and the Employer’s authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 4 of the Global Subscription Agreement, by participating in the ESPP, I authorize the Company and/or the Employer to withhold or to sell shares of Common Stock otherwise deliverable to me upon purchase in order to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer has an obligation to withhold such Tax-Related Items.

SWITZERLAND

Notifications

Securities Law Information. Neither this document nor any other materials relating to participation in the ESPP (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an Eligible Employee, or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

TAIWAN

Terms and Conditions

Data Privacy. I hereby acknowledge that I have read and understand the terms regarding the collection, processing and transfer of Data contained in the Data Privacy Provisions above in this Appendix and, by enrolling and participating in the ESPP, I agree to such terms. In this regard, upon request of the Company or the Employer, I agree to provide any executed data privacy consent form (or any other agreements or consents that may be required by the Employer or the Company) should the Company and/or the Employer deem such agreement or consent necessary under applicable data privacy laws, either now or in the future. I understand I will not be able to participate in the ESPP if I fail to execute any such consent or agreement.

Notifications

Securities Law Information. The offer to participate in the ESPP and the shares of Common Stock to be purchased under the ESPP are available only for Eligible Employees. It is not a public offer of securities by a Taiwanese company. Therefore, it is exempt from registration in Taiwan.

Exchange Control Information. I may acquire and remit foreign currency (including proceeds from the sale of shares of Common Stock and the receipt of any dividends paid on such shares) into and out of Taiwan up to a certain threshold (currently US\$10,000,000) per year. If the transaction amount equals or exceeds a certain threshold (currently TWD500,000) in a single transaction, I must submit a Foreign Exchange Transaction Form and also provide supporting documentation to the satisfaction of the remitting bank.

THAILAND

Terms and Conditions

Authorization for Participation in the ESPP. I hereby authorize the Employer, the Company and any Subsidiary or Affiliate to remit my accumulated payroll deductions under the ESPP, on my behalf, to the United States of America, to purchase shares of Common Stock under the ESPP.

Upon request of the Company or the Employer, I agree to execute a power of attorney and any other agreements or consents that may be required to enable the Employer, the Company or any Subsidiary or Affiliate or any third party designated by the Employer or the Company to remit my accumulated payroll deductions from Thailand for the purchase of shares of Common Stock. I understand that if I fail to execute a power of attorney or any other form of agreement or consent that is required for the remittance of my payroll deductions, I will not be able to participate in the ESPP.

Notifications

Exchange Control Information. I acknowledge that I am required to immediately repatriate the proceeds from the sale of shares of Common Stock to Thailand if the funds received in a single transaction equal or exceed a certain threshold (currently US\$1,000,000), unless I can rely on an applicable exemption (*e.g.*, where the funds will be used offshore for any permissible purposes under exchange control regulations and the relevant form and supporting documents have been submitted to a commercial bank in Thailand). Any foreign currency repatriated to Thailand must either be converted to Thai Baht or deposited into a foreign currency deposit account within 360 days of repatriation. I must specifically report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If I fail to comply with these obligations, I may be subject to penalties assessed by the Bank of Thailand. I acknowledge that I should consult my personal legal advisor prior to taking any action with respect to remittance of proceeds from the sale of shares of Common Stock into Thailand. I am responsible for ensuring compliance with all exchange control laws in Thailand.

TÜRKIYE

Notifications

Securities Law Information. By electing to participate in the ESPP, I understand and agree that I am not permitted to sell any shares of Common Stock acquired under the ESPP in Türkiye. The shares of Common Stock are currently traded on the Nasdaq Global Select Market, which is located outside of Türkiye, under the ticker symbol “PANW” and the shares may be sold through this exchange.

Financial Intermediary Information. Activity by Turkish residents related to investments in foreign securities (*e.g.*, the sale of shares of Common Stock under the ESPP) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. I understand that I am solely responsible for complying with this requirement and I should contact my personal legal advisor for further information regarding my obligations in this respect.

UNITED ARAB EMIRATES

Terms and Conditions

Nature of Grant. The following provision supplements Section 5 of the Global Subscription Agreement:

I acknowledge that the ESPP and related benefits do not constitute a component of my “wages” for any legal purpose. Therefore, the ESPP and related benefits will not be included and/or considered for purposes of calculating any and all labor benefits, such as social insurance contributions and/or any other labor-related amounts which will be payable.

Notifications

Securities Law Information. Participation in the ESPP is being offered only to selected employees and is in the nature of providing equity incentives to Eligible Employees in the United Arab Emirates (“UAE”). The ESPP and the Agreement are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If I do not understand the contents of the ESPP or the Agreement, I understand that I should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the ESPP. No other UAE authority or governmental agency has approved the ESPP or the Agreement nor taken any steps to verify the information set out therein and have no responsibility for such documents.

UNITED KINGDOM

Terms and Conditions

Joint Election. As a condition of my participation in the ESPP, I agree to accept any liability for secondary Class 1 NICs (“Employer NICs”) which may be payable by the Company or the Employer with respect to the purchase of the shares of Common Stock or otherwise payable in connection with my participation in the ESPP. Without prejudice to the foregoing, I agree to enter into the joint election with the Company and/or the Employer attached hereto as Exhibit E (the “Election”), the form of such Election being formally approved by HM Revenue and Customs (“HMRC”), and any other consent or elections required to accomplish the transfer of the Employer NICs to me. I further agree to execute such other joint elections as may be required between me and any successor to the Company and/or the Employer. I agree to enter into an Election prior to any event giving rise to Employer NICs. I further agree that the Company and/or the Employer may collect the Employer NICs by any of the means set forth in Section 4 of the Global Subscription Agreement or the Election.

If I do not enter into an Election prior to the purchase of shares of Common Stock, I will not be entitled to purchase shares unless and until I enter into an Election, without any liability to the Company, the Employer or any other Subsidiary or Affiliate.

Responsibility for Taxes. The following supplements Section 4 of the Global Subscription Agreement:

Without limitation to Section 4 of the Global Subscription Agreement, I agree that I am liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items as and when requested by the Company or the Employer or by HMRC (or any other tax authority or any other relevant authority). I also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on my behalf.

Notwithstanding the foregoing, if I am a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), I may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by me, as it may be considered a loan. In this case, the amount of any income tax not collected may constitute an additional benefit to me on which additional income tax and NICs may be payable. I understand that I will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company and/or Employer for the value of any employee NICs due on this additional benefit, which may be collected from me by the Company or the Employer by any of the means referred to in Section 4 of the Global Subscription Agreement.

Notifications

Securities Law Information. The Company has prepared and made available an Information Document in reliance on an exemption from prospectus requirements that may otherwise apply to the offer of the ESPP in the United Kingdom. The Information Document is attached hereto as Exhibit C.

EXHIBIT C

2012 Employee Stock Purchase Plan

Information Document

Important Information for Eligible Employees in the European Union (EU) / European Economic Area (EEA) and the United Kingdom

Introduction

Palo Alto Networks, Inc. (the “**Company**” or the “**Issuer**”) offers to its non-U.S. eligible employees (including employees in the EU/EEA and the United Kingdom) the opportunity to purchase shares of common stock, par value USD \$0.0001 (the “**Shares**”), under the 2012 Employee Stock Purchase Plan, as amended and restated (the “**Plan**”), at a discounted purchase price through contributions that are made by payroll deductions. This information document provides information about the number and nature of the securities and the reasons for and details of the offer or allotment. To that end, this information document describes the Issuer, the Plan, the grant of purchase rights under the Plan and the Shares to be purchased.

Exemption from the EU Prospectus Regulation

To the extent offers of shares under the Plan are offers of securities to the public in the EU/EEA and the United Kingdom, the Issuer can claim an exemption from the obligation to publish a prospectus which meets the requirements set forth in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”) and the United Kingdom Prospectus Regulation Rules (“**PRR**”), respectively. Article 1(4)(i) of the Prospectus Regulation and Rule 1.2.3(4)(i) of the PRR exempt issuers from the obligation to publish a prospectus if the securities are offered to existing or former directors or employees by their employer or by an affiliated undertaking provided that the present document is made available to the eligible employees (the “**Exemption**”). The Exemption has been incorporated into United Kingdom domestic law in Rule 1.2.3 of the United Kingdom Prospectus Rules contained in the Financial Conduct Authority’s Handbook. Accordingly, in reliance on the Exemption, for offers under the Plan made after this information document is made available to eligible employees, the Issuer has not prepared or filed a prospectus with any competent regulatory authority in the EU/EEA or the United Kingdom in relation to offers made under the Plan, and no such prospectus has been approved and/or published in the EU/EEA or the United Kingdom.

This document does not constitute a prospectus. Instead, this document contains the information that the Company must make available to employees in the EU/EEA and the United Kingdom in order to comply with the Exemption.

Information about the Issuer

The Issuer is Palo Alto Networks, Inc., a U.S. publicly-traded corporation which has listed its Shares on the Nasdaq stock exchange (“**Nasdaq**”) under the ticker symbol “PANW.” The International Securities Identification Number (the “**ISIN**”) for the Shares is US6974351057. The U.S. security identification number (the “**CUSIP number**”) for the Shares is 697435105.

The Issuer’s address is 3000 Tannery Way, Santa Clara, California 95054, U.S.A.

Additional information about the Issuer, as well as the current trading price of the Shares and the total number of Shares that are issued and outstanding, can be found on its website at <https://investors.paloaltonetworks.com>. Filings made by the Company with the U.S. Securities and Exchange Commission (“**SEC**”) are available on its website at www.sec.gov. You also can access these filings through the Investor Relations section of the Company’s website, or you can request copies of the filings by contacting the Company’s Investor Relations Department at:

Palo Alto Networks, Inc.
3000 Tannery Way, Santa Clara, California 95054, U.S.A.
<https://investors.paloaltonetworks.com>
(408) 753-4000

Reasons for the Offer

The purpose of the Plan is to provide eligible employees of the Company and subsidiaries or affiliates of the Company that have been designated by the Administrator (as defined below) as eligible to participate in the Plan (“**Designated Companies**”) with an opportunity to purchase Shares through accumulated contributions. The Company intends for the Plan to have two components: a component that is intended to qualify as an “employee stock purchase plan” under Section 423 of the U.S. Internal Revenue Code of 1986 (the “**423 Component**”) and a component that is not intended to qualify as such (the “**Non-423 Component**”).

Details of the Offer

Administration

The Plan is offered on a wholly discretionary basis. The Plan is administered by the Company’s Board of Directors (“**Board**”), or a committee appointed by the Board (the “**Administrator**”). The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the

Plan, to designate separate offerings under the Plan, to designate subsidiaries and affiliates of the Company as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan.

Eligibility

Generally, all individuals who are common law employees of the Company or a Designated Company and are customarily employed for at least twenty hours per week and more than five months in any calendar year are eligible to participate in the Plan. However, the Administrator also may determine (subject to the terms of the Plan) that certain individuals will or will not be eligible to participate in the Plan if they have not completed at least two years of service since their last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), or they customarily work no more than twenty hours per week or five months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion) as required under applicable local law.

Time Frame of the Offer and Enrollment

Each “**Offering Period**” under the Plan is approximately twenty-four months in duration, commencing on the first trading day on or after February 28 and August 31 of each year and ending on the first trading day on or after February 28 and August 31, approximately twenty-four months later. Each Offering Period consists of four six-month “**Purchase Periods**” during which your payroll deductions or other contributions are accumulated under the Plan.

If you are eligible to participate in the Plan, you may become a participant by submitting to the Company’s stock administration office (or its designee), on or before a date determined by the Administrator prior to the applicable enrollment date for the Offering Period, a properly completed subscription agreement authorizing Contributions (as defined below) in the form provided by the Administrator for such purpose, or following an electronic or other enrollment procedure determined by the Administrator.

Once you become a participant in the Plan, you will automatically participate in each succeeding Offering Period unless you either withdraw from the Plan or you cease to be an eligible employee. You are not required to complete any additional subscription agreement, form or procedure in order to continue participation in the Plan, unless requested by the Administrator for legal or administrative reasons.

Minimum and Maximum Amount of Contributions

You may contribute through contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) (“**Contributions**”) an amount not exceeding fifteen percent (15%) of your eligible Compensation (as defined below) toward the purchase of Shares under the Plan, subject to the terms of the Plan. The payroll deductions will commence on the first payday following the first trading day of the Offering Period and will continue until the first trading day on or after February 28 and August 31 of each Purchase Period (the “**Exercise Date**”) unless sooner altered or terminated as provided in the Plan. Contributions may be made in whole percentages only.

For purposes of the Plan, your “**Compensation**” includes base straight time gross earnings, payments for overtime and shift premium, but excludes payments for commissions, incentive compensation, bonuses and other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

Unless otherwise determined by the Administrator, during a Purchase Period, you may not increase the rate of your Contributions and may only decrease the rate of your Contributions one time per Purchase Period. Any such decrease during a Purchase Period requires you to properly complete and submit to the Company’s stock administration office (or another Company designee), on or before a date determined by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in Contribution rate or follow an electronic or other procedure prescribed by the Administrator.

Details of the Price

The purchase price is eighty-five percent (85%) of (i) the fair market value of the Shares on the first trading day of the Offering Period or (ii) the fair market value of the Shares on the applicable Exercise Date, whichever is lower. The fair market value is generally the closing price of a Share on the Nasdaq on the Exercise Date.

Nature of the Offer

On each Exercise Date, so long as the Plan remains in effect and provided that you have not withdrawn from the Offering Period in accordance with the requirements of the Plan, the Company shall apply the funds then in your account to the purchase of whole Shares. Any Contributions accumulated in your account which are not sufficient to purchase a full Share will be promptly refunded to you promptly following an Exercise Date.

Number and Nature of the Securities Offered

The maximum number of Shares initially reserved for issuance under the Plan was 1,000,000 Shares. However, the number of Shares available for issuance under the Plan is increased on an annual basis in accordance with the terms of the Plan.

Delivery

As soon as reasonably practicable after each Exercise Date, the Company will arrange the delivery to each participant of the Shares purchased upon exercise of his or her purchase right in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that Shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that Shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of dispositions of such Shares.

Commission

The Company has selected a broker to administer the issuance of Shares under the Plan (currently E*TRADE Corporate Financial Services, Inc.) (the “**Broker**”). At the time of enrollment, you were or will be asked to open an account with the Broker. You will not have to pay a fee for opening an account with the Broker for the management of your account or for the purchase of Shares. You are responsible for all the commissions and fees related to any sale or transfer of the Shares from the account with the Broker. In addition, the SEC applies a fee to most securities transactions at a rate determined by the SEC. Such commissions and fees are subject to change at any time.

Termination of Participation in the Plan

You may withdraw from the Plan at least one (1) business day prior to an Exercise Date by submitting to the Company’s stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose, or following an electronic or other withdrawal procedure determined by the Administrator. Upon withdrawal from the Plan, all of your accumulated payroll deductions will be returned to you, without interest (unless otherwise required by applicable law), promptly after receipt of notice of withdrawal, and your purchase right for the Offering Period will be automatically terminated, and no further Contributions for the purchase of Shares will be made for such Offering Period.

If you voluntarily withdraw from the Plan, you may not resume participation in the Plan during the same Offering Period. However, you may participate in any Offering Period under the Plan which begins on a date after such withdrawal by completing a subscription agreement in the same manner as described in the Plan for initial participation in the Plan.

Termination of Employment

If you cease to be an eligible employee, for any reason, you will be deemed to have elected to withdraw from the Plan and the Contributions credited to your account during the Offering Period but not yet used to purchase Shares under the Plan will be returned to you without interest (unless otherwise required by applicable law), and your purchase right will be automatically terminated.

Non-transferability of Purchase Rights

Neither Contributions credited to your account nor any rights with regard to the exercise of a purchase right or to receive Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution). Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with the Plan.

Restriction on Shares and Transferability

The Shares in this offering under the Plan are registered on a registration statement on Form S-8 with the SEC and are generally freely transferable (subject however to any transferability restrictions resulting from applicable insider trading laws and the Company's insider trading policy).

The Plan is intended to provide Shares for investment and not for resale. The Company does not, however, intend to restrict or influence any participant in the conduct of his or her own affairs. Therefore, you may sell Shares purchased under the Plan at any time you choose, subject to compliance with any applicable securities laws. You assume the risk of any market or currency fluctuations in the price of the Shares. Moreover, you should be aware of the risks of investing in Shares as described, in particular, in the “Risk Factors” section of certain of the Company’s SEC filings.

Termination, Suspension, or Amendment of the Plan

The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of Shares on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to the Plan).

If the Offering Periods are terminated prior to expiration, all amounts then credited to participants’ accounts that have not been used to purchase Shares will be returned to participants without interest (unless otherwise required by applicable laws) as soon as administratively practicable.

Information on the Shares and Rights Attached to the Shares

The Shares acquired under the Plan are shares of the Company’s common stock, which will allow a shareholder to participate in:

- *Dividends* – If and when declared payable by the Company as authorized in its bylaws.
- *Voting* – A shareholder will be entitled to vote at the Company’s shareholder meetings where each of the Shares will count for one vote.
- *Information Reporting* – A shareholder will have the right to receive certain information from the Company such as the Company’s annual report to shareholders and annual proxy statement. The Company can make such information available for its shareholders at its office and/or via its website.
- *Liquidation Proceeds* – In the event of liquidation, dissolution or winding up of the Company, the holders of Shares are entitled to share ratably in all assets remaining after payment of or provisions for the Company's liabilities, subject to prior rights or preferred stock, if any, then outstanding.
- *No Preemptive, Redemptive or Conversion Provisions* – The Shares are not entitled to preemptive rights and are not subject to conversion or redemption.

With respect to Shares subject to the purchase right under the Plan, you will not be deemed a shareholder with the above rights until the Shares have been purchased and delivered to you.

The Company may issue other classes of shares and/or securities which are not part of this offer and the Plan.

Note that the Company may, at any time, but subject to the passing of a shareholder vote, amend its Bylaws and/or Certificate of Incorporation in a way that impacts the rights of holders of the Shares. These documents can be found on the Company's website at <https://investors.paloaltonetworks.com>.

Additional Information about the Plan

Additional information about the Plan can be found in your participant account on the website of the Broker (or any successor to the Broker). Requests for information about the Plan also can be directed to equity@paloaltonetworks.com.

* * * * *

IMPORTANT NOTE

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding whether or not you decide to participate in the Plan. You should consult with your personal tax, legal and financial advisors regarding whether to participate in the Plan before taking any action related to the Plan. Further, depending upon where the Shares are listed, the country of your residence and/or the country in which your broker resides, you may be subject to insider trading restrictions and/or market abuse laws that may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., purchase rights) or rights linked to the value of Shares during such times you are considered to have "inside information" regarding the Company as defined by the laws or regulations in your country. Local insider trading laws and regulations also may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Please note that it is your personal responsibility to comply with any applicable requirements or restrictions, and you should consult with your personal legal advisor to determine your personal obligations and duties.

EXHIBIT D

Plan Nabycia Akcji Pracowniczych z 2012 r.

Dokument Informacyjny

Ważne Informacje dla Uprawnionych Pracowników w Unii Europejskiej (UE) / Europejskim Obszarze Gospodarczym (EOG) i w Wielkiej Brytanii

Wprowadzenie

Palo Alto Networks, Inc. („**Spółka**” lub „**Emitent**”) oferuje swoim uprawnionym pracownikom spoza Stanów Zjednoczonych (w tym pracownikom w UE/EOG i Wielkiej Brytanii) możliwość nabycia akcji zwykłych o wartości nominalnej 0,0001 USD („**Akcje**”), w ramach Planu Nabycia Akcji Pracowniczych z 2012 r., z późniejszymi zmianami („**Plan**”), po obniżonej cenie nabycia poprzez dokonywanie wpłat w formie potrąceń z wynagrodzenia. Niniejszy dokument informacyjny zawiera informacje na temat liczby i charakteru papierów wartościowych oraz przyczyn i szczegółów dotyczących oferty i przydziału. Z tego względu, niniejszy dokument informacyjny zawiera opis Emitenta, Planu, przyznania praw nabycia w ramach Planu i Akcji, które mają zostać nabyte.

Zwolnienie na podstawie Rozporządzenia Prospektowego

W zakresie, w jakim oferty akcji w ramach Planu są ofertami publicznymi papierów wartościowych w UE/EOG i Wielkiej Brytanii, Emitent może powoływać się na zwolnienie z obowiązku publikacji prospektu spełniające wymogi określone odpowiednio w Rozporządzeniu (UE) 2017/1129 Parlamentu Europejskiego i Rady z dnia 14 czerwca 2017 r. („**Rozporządzenie Prospektowe**”) oraz brytyjskich zasadach dotyczących Rozporządzenia Prospektowego (ang. *the United Kingdom Prospectus Regulation Rules*, dalej „**PRR**”). Zgodnie z art. 1 ust. 4 lit. i) Rozporządzenia Prospektowego oraz zasadą 1.2.3(4)(i) PRR, emitenci są zwolnieni z obowiązku publikacji prospektu, jeżeli papiery wartościowe są oferowane obecnym lub byłym dyrektorom lub pracownikom przez ich pracodawcę lub przez przedsiębiorstwo powiązane, pod warunkiem że niniejszy dokument zostanie udostępniony uprawnionym pracownikom („**Zwolnienie**”). Zwolnienie zostało włączone do prawa krajowego Wielkiej Brytanii na podstawie zasady 1.2.3 PRR zawartej w wytycznych Urzędu Nadzoru Finansowego Wielkiej Brytanii (ang. *Financial Conduct Authority's Handbook*). W związku z powyższym, w oparciu o Zwolnienie, w przypadku ofert w ramach Planu przeprowadzonych po udostępnieniu niniejszego dokumentu informacyjnego uprawnionym pracownikom, Emitent nie sporządził ani nie złożył prospektu w żadnym właściwym organie regulacyjnym w UE/EOG lub Wielkiej Brytanii w związku ofertami przeprowadzanymi w ramach Planu i żaden taki prospekt nie został zatwierdzony i/lub opublikowany w UE/EOG lub Wielkiej Brytanii.

Niniejszy dokument nie stanowi prospektu. Dokument ten zawiera natomiast informacje, które Spółka musi udostępnić pracownikom w UE/EOG i Wielkiej Brytanii, aby spełnić warunki skorzystania ze Zwolnienia.

Niniejszy dokument informacyjny został sporządzony i udostępniony w dniu 1 lutego 2026 r. i będzie ważny do dnia 31 sierpnia 2026 r.

Informacje o Emitencie

Emitentem jest Palo Alto Networks, Inc., amerykańska spółka publiczna, której Akcje są notowane na giełdzie papierów wartościowych Nasdaq („**Nasdaq**”) pod symbolem „PANW.” Międzynarodowy numer identyfikacyjny papierów wartościowych („**ISIN**”) Akcji to US6974351057. Amerykański numer identyfikacyjny („**Numer CUSIP**”) Akcji to 697435105.

Adres Emitenta to 3000 Tannery Way, Santa Clara, Kalifornia 95054, Stany Zjednoczone Ameryki.

Dodatkowe informacje o Emitencie, a także aktualny kurs Akcji oraz łączną liczbę Akcji, które zostały wyemitowane i pozostają w obrocie, można znaleźć na stronie internetowej Emitenta pod adresem <https://investors.paloaltonetworks.com>. Zgłoszenia złożone przez Spółkę w Amerykańskiej Komisji Papierów Wartościowych i Giełd (ang. *United States Securities and Exchange Commission*, „**SEC**”) są dostępne na stronie internetowej www.sec.gov. Dostęp do wspomnianych zgłoszeń można uzyskać również za pośrednictwem sekcji Relacje Inwestorskie na stronie internetowej Spółki, lub występując o udostępnienie kopii zgłoszeń, kontaktując się z Działem Relacji Inwestorskich Spółki pod adresem:

Przyczyny Oferty

Celem Planu jest zapewnienie uprawnionym pracownikom Spółki i jej podmiotów zależnych lub powiązanych, które zostały wyznaczone przez Administratora (zgodnie z definicją poniżej) jako podmioty uprawnione do uczestnictwa w Planie („**Spółki Wyznaczone**”) możliwości nabycia Akcji poprzez skumulowane potrącenia z wynagrodzenia. Spółka zamierza, aby Plan składał się z dwóch modułów: modułu kwalifikującego się jako „plan nabycia akcji pracowniczych” w rozumieniu art. 423 amerykańskiego Kodeksu Podatkowego z 1986 r. (ang. *U.S. Internal Revenue Code of 1986*) („**Moduł 423**”) oraz modułu, który nie kwalifikuje się jako Moduł 423 („**Moduł Non-423**”).

Szczegóły Oferty

Administracja

Plan jest oferowany na zasadzie pełnej uznaniowości. Planem zarządza Rada Dyrektorów Spółki („**Rada**”), lub komisja wyznaczona przez Radę („**Administrator**”). Administrator ma pełną i wyłączną swobodę w zakresie interpretacji, wykładni i stosowania postanowień Planu, do wyznaczania poszczególnych ofert w ramach Planu, do wyznaczania podmiotów zależnych i powiązanych Spółki jako uczestniczących w Module 423 lub Module Non-423, do określania kwalifikowalności do Planu, do rozstrzygania wszelkich spornych roszczeń zgłoszonych w ramach Planu oraz do ustanawiania takich procedur, które uzna za niezbędne do zarządzania Planem.

Kwalifikacja do Planu

Co do zasady, do uczestnictwa w Planie uprawnione są wszystkie osoby, które w rozumieniu powszechnie obowiązujących przepisów prawa są pracownikami Spółki lub Spółki Wyznaczonej i są zwyczajowo zatrudnione w wymiarze co najmniej dwudziestu godzin tygodniowo oraz przez okres dłuższy niż pięć miesięcy w dowolnym roku kalendarzowym. Administrator może jednak określić (z zastrzeżeniem warunków Planu), że określone osoby będą lub nie będą uprawnione do udziału w Planie, jeśli nie przepracowały co najmniej dwóch lat od daty ostatniego zatrudnienia (lub krótszego okresu, który może zostać określony przez Administratora według jego uznania) lub zwyczajowo pracują w wymiarze nie większym niż dwadzieścia godzin tygodniowo lub przez okres krótszy niż pięć miesięcy w danym roku kalendarzowym (lub w wymiarze/okresie krótszym, który może zostać określony przez Administratora według jego uznania) zgodnie z wymogami obowiązującego prawa lokalnego.

Ramy Czasowe Oferty i Zapisów

Każdy „**Okres Ofertowy**” w ramach Planu trwa około dwudziestu-czterech miesięcy i rozpoczyna się pierwszego dnia obrotu przypadającego 28 lutego oraz 31 sierpnia lub po tych dniach każdego roku, a kończy się pierwszego dnia obrotu przypadającego 28 lutego oraz 31 sierpnia lub po tych dniach, około dwudziestu-czterech miesięcy później. Każdy Okres Ofertowy składa się z czterech sześciomiesięcznych „**Okresów Nabycia**”, podczas których potrącenia z wynagrodzenia lub inne składki są gromadzone w ramach Planu.

Jeśli pracownik jest uprawniony do uczestnictwa w Planie, może zostać uczestnikiem poprzez złożenie w dziale zarządzania akcjami Spółki (lub wyznaczonej przez ten dział jednostce), w dniu lub przed dniem określonym przez Administratora przed datą rozpoczęcia zapisów w danym Okresie Ofertowym, prawidłowo wypełnionej umowy subskrypcji upoważniającej do pobierania Składek (zgodnie z definicją poniżej) w formie określonej przez Administratora lub zgodnie z procedurą elektroniczną lub inną procedurą rejestracji określoną przez Administratora.

Po uzyskaniu statusu uczestnika Planu, uprawniony pracownik będzie automatycznie uczestniczył w każdym kolejnym Okresie Ofertowym, chyba że wycofa się z Planu lub przestanie być uprawnionym pracownikiem. Nie jest wymagane wypełnienie żadnej dodatkowej umowy subskrypcji, formularza ani procedury w celu kontynuowania uczestnictwa w Planie, chyba że Administrator zażąda tego ze względów prawnych lub administracyjnych.

Minimalna i maksymalna kwota Składek

Uczestnik może wpłacać składki (w formie potrąceń z wynagrodzenia lub w inny sposób, w zakresie dozwolonym przez Administratora) („**Składki**”) w kwocie nieprzekraczającej piętnastu procent (15%) kwalifikującego się Wynagrodzenia (zgodnie z definicją poniżej) na zakup Akcji w ramach Planu, z zastrzeżeniem warunków Planu. Potrącenia z wynagrodzenia rozpoczną się w pierwszym dniu wypłaty wynagrodzenia następującym po pierwszym dniu obrotu w danym Okresie Ofertowym i będą kontynuowane do pierwszego dnia obrotu przypadającego 28 lutego i 31 sierpnia lub po tych dniach dla każdego Okresu Nabycia

(„**Dzień Wykonania**”), chyba że zostaną wcześniej zmienione lub zakończone zgodnie z postanowieniami Planu. Wpłaty mogą być dokonywane wyłącznie w pełnych procentach.

Dla celów Planu, „**Wynagrodzenie**” obejmuje podstawowe zarobki brutto w pełnym wymiarze czasu pracy, płatności za nadgodziny i dodatek zmianowy, ale nie obejmuje płatności z tytułu prowizji, dodatków motywacyjnych, premii i innych podobnych świadczeń. Administrator, według własnego uznania może, na jednolitych i niedyskryminujących zasadach, ustanowić inną definicję Wynagrodzenia dla kolejnego Okresu Ofertowego.

O ile Administrator nie postanowi inaczej, podczas Okresu Nabycia uczestnik nie może zwiększyć wysokości swoich Składek, a zmniejszyć wysokość swoich Składek może tylko jeden raz w danym Okresie Nabycia. Każde takie zmniejszenie w Okresie Nabycia wymaga prawidłowego wypełnienia i złożenia w dziale zarządzania akcjami Spółki (lub innej jednostce wyznaczonej przez Spółkę), w dniu lub przed dniem określonym przez Administratora przed odpowiednim Dniem Wykonania, nowej umowy subskrypcji upoważniającej do zmiany wysokości Składki lub postępowania zgodnie z procedurą elektroniczną lub inną procedurą określoną przez Administratora.

Szczegóły dotyczące ceny

Cena nabycia wynosi osiemdziesiąt pięć procent (85%) (i) godziwej wartości rynkowej Akcji w pierwszym dniu obrotu w danym Okresie Ofertowym lub (ii) godziwej wartości rynkowej Akcji w odpowiednim Dniu Wykonania, w zależności od tego, która z tych wartości jest niższa. Godziwa wartość rynkowa to zazwyczaj cena zamknięcia Akcji na Nasdaq w Dniu Wykonania.

Charakter Oferty

W każdym Dniu Wykonania, tak długo jak Plan pozostaje w mocy i pod warunkiem, że uczestnik nie wycofał się z Okresu Ofertowego zgodnie z wymogami Planu, Spółka wykorzysta środki znajdujące się w tym dniu na rachunku uczestnika na zakup pełnych Akcji. Wszelkie Składki zgromadzone na rachunku uczestnika, które nie są wystarczające do zakupu pełnej Akcji, zostaną niezwłocznie zwrócone uczestnikowi po Dniu Wykonania.

Liczba i charakter oferowanych papierów wartościowych

Maksymalna liczba Akcji początkowo przeznaczonych do emisji w ramach Planu wynosiła 1.000.000 Akcji. Liczba Akcji dostępnych do emisji w ramach Planu jest jednak corocznie zwiększana zgodnie z warunkami Planu.

Przekazanie Akcji

Tak szybko, jak to możliwe po każdym Dniu Wykonania, Spółka zorganizuje przekazanie każdemu uczestnikowi Akcji nabytych w wyniku wykonania jego prawa nabycia w formie określonej przez Administratora (według jego własnego uznania) i zgodnie z zasadami ustanowionymi przez Administratora. Spółka może zezwolić lub zażądać, aby Akcje zostały zdeponowane bezpośrednio u pośrednika (brokera) wyznaczonego przez Spółkę lub u wyznaczonego agenta Spółki. Spółka może przy tym wykorzystać elektroniczne lub zautomatyzowane metody przenoszenia akcji. Spółka może również wymagać, aby Akcje były przechowywane u takiego pośrednika lub agenta przez określony czas i/lub może ustanowić inne procedury umożliwiające monitorowanie rozporządzania takimi Akcjami.

Prowizja

Spółka wybrała pośrednika (brokera) odpowiedzialnego za obsługę emisji Akcji w ramach Planu (obecnie jest to E*TRADE Corporate Financial Services, Inc.) („**Broker**”). W momencie zapisania się do Planu uczestnik został lub zostanie poproszony o otwarcie rachunku u Brokera. Uczestnik nie będzie musiał uiszczać opłaty za otwarcie rachunku u Brokera w celu zarządzania rachunkiem lub nabycia Akcji. Uczestnik ponosi natomiast odpowiedzialność za wszelkie prowizje i opłaty związane ze sprzedażą lub przeniesieniem Akcji z rachunku prowadzonego przez Brokera. Ponadto SEC stosuje opłatę do większości transakcji na papierach wartościowych według stawki określonej przez SEC. Takie prowizje i opłaty mogą ulec zmianie w dowolnym momencie.

Zakończenie Uczestnictwa w Planie

Uczestnik może wycofać się z Planu na co najmniej jeden (1) dzień roboczy przed Dniem Wykonania poprzez złożenie w dziale zarządzania Akcjami Spółki (lub wyznaczonej przez ten dział jednostce) pisemnego zawiadomienia o wycofaniu się w formie określonej w tym celu przez Administratora lub zgodnie z procedurą elektroniczną lub inną procedurą wycofania się określoną przez Administratora. Po wycofaniu się z Planu, wszystkie skumulowane potrącenia z wynagrodzenia zostaną zwrócone uczestnikowi, bez odsetek (chyba że obowiązujące przepisy prawa stanowią inaczej), niezwłocznie po otrzymaniu zawiadomienia o wycofaniu się, a prawo do nabycia w Okresie Ofertowym zostanie automatycznie zakończone i nie będą dokonywane żadne dalsze wpłaty Składek na zakup Akcji w takim Okresie Ofertowym.

W przypadku dobrowolnego wycofania się z Planu, uprawniony pracownik nie może wznowić udziału w Planie w tym samym Okresie Ofertowym. Może on jednak uczestniczyć w dowolnym Okresie Ofertowym w ramach Planu, który rozpoczyna się w dniu następującym po takim wycofaniu, wypełniając umowę subskrypcji w taki sam sposób, jak opisano w Planie w odniesieniu do rozpoczęcia uczestnictwa w Planie.

Rozwiązanie stosunku pracy

Uczestnik zostanie uznany za osobę, która zdecydowała się wycofać się z Planu, jeśli z jakiegokolwiek powodu przestanie być uprawnionym pracownikiem. W takim wypadku Składki zaksięgowane na jego koncie w Okresie Ofertowym, które nie zostały jeszcze wykorzystane do zakupu Akcji w ramach Planu, zostaną mu zwrócone bez odsetek (chyba że obowiązujące przepisy prawa stanowią inaczej), a jego prawo do nabycia wygaśnie.

Niezbywalność praw do nabycia Akcji

Żadne Składki zapisane na rachunku uczestnika, ani żadne prawa związane z wykonaniem prawa nabycia lub otrzymaniem Akcji w ramach Planu nie mogą być w żaden sposób przeniesione, przelane, obciążone lub w jakikolwiek inny sposób być przedmiotem rozporządzenia (inaczej niż w drodze rozporządzenia na mocy testamentu lub zgodnie z prawem spadkowym i kolejnością dziedziczenia). Każda taka próba przeniesienia, przelewu, obciążenia lub innego rozporządzenia będzie bezskuteczna, z zastrzeżeniem, że Spółka może potraktować taką czynność jako decyzję o wycofaniu środków z danego Okresu Ofertowego zgodnie z Planem.

Ograniczenia dotyczące Akcji i ich zbywalności

Akcje w ramach niniejszej oferty realizowanej zgodnie z Planem są zarejestrowane na podstawie oświadczenia o rejestracji złożonego w SEC na formularzu S-8 i są zasadniczo zbywalne bez ograniczeń (z zastrzeżeniem wszelkich ograniczeń w zakresie zbywalności wynikających z obowiązujących przepisów prawa dotyczących wykorzystywania informacji poufnych i polityki Spółki w zakresie wykorzystywania informacji poufnych).

W ramach Planu Akcje oferowane są pracownikom w celach inwestycyjnych a nie z myślą o odsprzedaży. Spółka nie ogranicza jednak żadnego z uczestników ani nie wywiera na niego wpływu, jeśli chodzi o prowadzenie jego własnych spraw. Uczestnik może zatem w dowolnym, wybranym przez siebie momencie zbyć Akcje nabyte w ramach Planu, z zastrzeżeniem konieczności przestrzegania obowiązujących przepisów prawa papierów wartościowych. Uczestnik przyjmuje na siebie ryzyko związane z wahaniami cen rynkowych Akcji lub zmianami kursów walut. Ponadto zwraca się uwagę Uczestników na ogólne ryzyko związane z inwestowaniem w Akcje, opisane głównie w dziale „Czynniki ryzyka” w zgłoszeniach składanych przez Spółkę w SEC.

Zakończenie, zawieszenie lub zmiana Planu

Administrator może, według własnego uznania, zmienić, zawiesić lub zakończyć Plan, w całości lub w części, w każdym czasie i z dowolnego powodu. W przypadku zakończenia Planu, Administrator, według własnego uznania, może podjąć decyzję o zakończeniu wszystkich trwających Okresów Ofertowych w trybie natychmiastowym lub po zakończeniu procesu nabywania Akcji w następnym Dniu Wykonania (który może nastąpić wcześniej niż pierwotnie zaplanowano, jeśli Administrator podejmie taką decyzję według własnego uznania), lub może podjąć decyzję o zezwoleniu na zakończenie Okresów Ofertowych zgodnie z ich warunkami (i z zastrzeżeniem wszelkich zmian przewidzianych w Planie).

Jeśli Okresy Ofertowe zostaną zakończone przedterminowo, wszystkie kwoty zapisane na rachunkach uczestników, które nie zostały wykorzystane do nabycia Akcji, zostaną zwrócone uczestnikom bez odsetek (chyba że obowiązujące przepisy prawa stanowią inaczej) tak szybko, jak będzie to możliwe z administracyjnego punktu widzenia.

Informacje o Akcjach i prawach związanych z Akcjami

Akcje nabywane w ramach Planu są akcjami zwykłymi Spółki, które umożliwią akcjonariuszowi udział w:

- *Dywidendzie* – jeżeli wypłata dywidendy zostanie ogłoszona przez Spółkę i w momencie ich wypłaty ogłoszonym przez Spółkę, zgodnie z upoważnieniem zawartym w jej statucie.
- *Głosowaniu* – akcjonariusz będzie miał możliwość głosowania na zgromadzeniach akcjonariuszy Spółki, na których każda z Akcji daje prawo do jednego głosu.
- *Sprawozdawczości* – jako akcjonariusz, Uprawniony będzie miał prawo do otrzymywania pewnych informacji od Spółki, takich jak roczne sprawozdanie Spółki dla akcjonariuszy oraz roczne oświadczenie dotyczące pełnomocnictw (ang. *annual proxy statement*). Spółka może udostępnić takie informacje swoim akcjonariuszom w swoim biurze i/lub na swojej stronie internetowej.
- *Środkach z likwidacji* – W przypadku likwidacji, rozwiązania lub zakończenia działalności przez Spółkę, posiadacze Akcji są uprawnieni do proporcjonalnego udziału we wszystkich aktywach pozostałych po spłacie lub zabezpieczeniu zobowiązań Spółki, z zastrzeżeniem praw pierwszeństwa lub akcji uprzywilejowanych, jeżeli takie występują.
- *Brak postanowień dotyczących pierwokupu, umorzenia lub zamiany* - Akcje nie są objęte prawem pierwokupu i nie podlegają zamianie ani umorzeniu.

W odniesieniu do Akcji objętych prawem nabycia w ramach Planu, uczestnik nie będzie uważany za akcjonariusza posiadającego powyższe prawa do czasu nabycia Akcji i ich wydania uczestnikowi.

Spółka może emitować inne klasy akcji i/lub papierów wartościowych, które nie są objęte niniejszą ofertą i Planem.

Należy zauważyć, że Spółka może w dowolnym czasie, ale pod warunkiem uzyskania pozytywnego wyniku głosowania akcjonariuszy, zmienić swój Statut i/lub Świadcstwo Rejestracji Spółki (ang. *Certificate of Incorporation*) w sposób, który wpłynie na prawa posiadaczy Akcji. Dokumenty te znajdują się na stronie Spółki: <https://investors.paloaltonetworks.com>.

Dodatkowe informacje na temat Planu

Dodatkowe informacje na temat Planu można znaleźć na koncie uczestnika na stronie internetowej Brokera (lub jego następcy prawnego). Wnioski o udzielenie informacji na temat Planu można również kierować na adres: equity@paloaltonetworks.com.

* * * * *

WAŻNA INFORMACJA

Spółka nie udziela żadnych porad o charakterze podatkowym, prawnym lub finansowym, ani nie wydaje żadnych zaleceń dotyczących tego, czy pracownik powinien zdecydować się na udział w Planie, czy też nie. Przed podjęciem jakichkolwiek działań związanych z Planem, pracownik powinien skonsultować się z własnymi doradcami podatkowymi, prawnymi i finansowymi w sprawie udziału w Planie. Ponadto, w zależności od tego, gdzie Akcje są notowane, od kraju zamieszkania pracownika i/lub kraju rezydencji jego brokera, pracownik może podlegać ograniczeniom w zakresie wykorzystywania informacji poufnych w obrocie i/lub przepisom o nadużyciach na rynku, które mogą wpływać na zdolność pracownika do przyjęcia, nabycia, sprzedaży lub rozporządzania w inny sposób Akcjami, prawami do Akcji (np. prawami nabycia) lub prawami związanymi z wartością Akcji w czasie, w którym uznaje się, że pracownik posiada „informacje poufne” dotyczące Spółki w rozumieniu przepisów prawa lub regulacji obowiązujących w kraju pracownika. Przepisy prawa miejscowego i miejscowe regulacje dotyczące wykorzystywania informacji poufnych w obrocie mogą również zabraniać anulowania lub zmiany zleceń złożonych przez pracownika przed wejściem w posiadanie informacji poufnych. Ponadto, pracownika może obowiązywać zakaz (i) ujawniania informacji poufnych osobom trzecim (w innych przypadkach niż na zasadzie „ściślej potrzeby”) oraz (ii) „przekazywania wskazówek” osobom trzecim lub powodowania nabycia lub sprzedaży przez nie papierów wartościowych w inny sposób. Do osób trzecich mogą należeć również inni pracownicy. Wszelkie ograniczenia wynikające z tych praw lub przepisów są odrębne i dodatkowe w stosunku do ograniczeń, które mogą być nałożone w ramach obowiązującej polityki Spółki w zakresie wykorzystywania informacji poufnych w obrocie papierami wartościowymi. Należy pamiętać, że przestrzeganie wszelkich obowiązujących wymogów lub ograniczeń jest obowiązkiem pracownika i pracownik powinien skonsultować się ze swoim osobistym doradcą prawnym w celu określenia swoich osobistych zobowiązań i obowiązków.

EXHIBIT E

PALO ALTO NETWORKS, INC.

2012 EMPLOYEE STOCK PURCHASE PLAN

**Important Note on the Form of Election to Transfer the
Employer's Secondary Class 1 National Insurance Liability to the Participant**

As a condition of participation in the Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan (the “**ESPP**”) and the option to purchase shares of Palo Alto Networks, Inc. (the “**Company**”) that may be granted to you by the Company, you are required to enter into a joint election to transfer to you any liability for the employer's secondary Class 1 National Insurance Contributions (the “**Employer's Liability**”) that may arise on the occurrence of a taxable event in respect of the option to purchase shares under the ESPP (the “**Joint Election**”).

By entering into the Joint Election:

- you agree that any Employer's Liability that may arise in connection with or pursuant to the option to purchase shares (and the acquisition of the Company's shares) or other taxable events in connection with the option to purchase shares will be transferred to you; and
- you authorize the Company and/or your employer to recover an amount sufficient to cover this liability by any method set forth in the Global Subscription Agreement and/or the Joint Election.

Please read the terms of the Joint Election carefully before agreeing to enroll in the ESPP.

You understand that by providing your electronic signature and thereby enrolling in the ESPP, you are agreeing to be bound by the terms of the Joint Election.

PALO ALTO NETWORKS, INC.

2012 EMPLOYEE STOCK PURCHASE PLAN

FORM OF ELECTION TO TRANSFER THE EMPLOYER'S SECONDARY

CLASS 1 NATIONAL INSURANCE LIABILITY TO THE PARTICIPANT

1. Parties

This Election is between:

- a. The individual who has obtained authorized access to this Election (the "**Participant**"), who is employed by one of the UK companies listed on the Schedule attached hereto (the "**Employer**") and who is eligible to receive options to purchase shares of common stock of Palo Alto Networks, Inc. pursuant to the terms and conditions of the Palo Alto Networks, Inc. 2012 Employee Stock Purchase Plan (the "**ESPP**"), and
- b. **Palo Alto Networks, Inc.** (the "**Company**"), whose registered office is at 3000 Tannery Way, Santa Clara, CA 95054, U.S.A., which is entering into this Election on behalf of the Employer.

2. Purpose of Election

- a. This Election relates to the Employer's secondary Class 1 National Insurance Contributions (the "**Employer's Liability**") that may arise on the occurrence of a "Taxable Event" in respect of the options to purchase shares of the Company granted under the ESPP ("**Options**") pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the Social Security Contributions and Benefits Act 1992 ("**SCCBA**"), including, without limitation:
 - (i) the acquisition of securities pursuant to the Options (within section 477(3)(a) ITEPA); and/or
 - (ii) the assignment or release of the Options in return for consideration (within section 477(3)(b) ITEPA); and/or
 - (iii) the receipt of a benefit in connection with the Options other than a benefit within (i) or (ii) above (within section 477(3)(c) ITEPA); and/or
 - (iv) post-acquisition charges relating to the shares acquired pursuant to the ESPP (within section 427 of ITEPA); and/or
 - (v) post-acquisition charges relating to the shares acquired pursuant to the ESPP rights (within section 439 of the ITEPA).

In this Election, ITEPA means the Income Tax (Earnings and Pensions) Act 2003.

- b. This Election is made in accordance with paragraph 3B(1) of Schedule 1 to SCCBA.
- c. This Election applies to all Options granted under the ESPP up to the termination date of the ESPP.
- d. This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SCCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- e. This Election will not apply to the extent that it relates to relevant employment income, which is employment income of the earner by virtue of Chapter 3A of Part 7 of ITEPA (employment income: securities with artificially depressed market value).

3. The Election

The Participant and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Taxable Event is hereby transferred to the Participant. The Participant understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election.

4. Payment of the Employer's Liability

- a. The Participant and the Company acknowledge that the Employer is under a duty to remit the Employer's Liability to HM Revenue & Customs on behalf of the Participant within fourteen (14) days after the end of the U.K. tax month during which the Taxable Event occurs (or within seventeen (17) days of the end of the U.K. tax month during which the Taxable Event occurs, if payments are made electronically), or such other period of time as may be prescribed. The Participant agrees to pay to the Employer the amount of the Employer's Liability on demand, at any time on or after the Taxable Event, and hereby authorises the Employer to account for the Employer's Liability to HM Revenue & Customs.
- b. Without limitation to Clause 4.1 above, the Participant hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Participant at any time after the Taxable Event:
 - (i) by deduction from salary or any other payment payable to the Participant at any time on or after the date of the Taxable Event; and/or
 - (ii) directly from the Participant by payment in cash or cleared funds; and/or
 - (iii) by arranging, on behalf of the Participant, for the sale of some of the securities which the Participant is entitled to receive pursuant to the Options; and/or
 - (iv) where the proceeds of the gain are to be paid through a third party, the Participant will authorize that party to withhold an amount from the payment or to sell some of the securities which the Participant is entitled to receive pursuant to the Options; and/or
 - (v) through any other method as set forth in the relevant award agreement entered into between the Participant and the Company.
- c. The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Participant in respect of the ESPP until full payment of the Employer's Liability is received.

5. Duration of Election

- a. The Participant and the Company agree to be bound by the terms of this Election regardless of whether the Participant is transferred, is abroad, or no longer renders services to the Employer on the date on which the Employer's Liability becomes due.
- b. Any reference to the Company and/or the Employer shall include that entity's successors in title and assigns as permitted in accordance with the terms of the Plan and relevant award agreement. This Election will continue in effect in respect of any awards which replace the Options in circumstances where section 483 of ITEPA applies.
- c. This Election will continue in effect until the earliest of the following:
 - (i) the date on which both the Participant and the Company agree in writing that it should cease to have effect;
 - (ii) the date on which the Company serves written notice on the Participant terminating its effect;
 - (iii) the date on which HM Revenue & Customs withdraws approval of this Election; or
 - (iv) the date on which, after due payment of the Employer's Liability in respect of the entirety of the Options to which this Election relates or could relate, this Election ceases to have effect according to its own terms.

Acceptance by the Participant

By providing your electronic signature and enrolling in the ESPP, the Participant agrees to be bound by the terms hereof as stated above.

Acceptance by the Company

The Company acknowledges that, by arranging for the scanned signature of an authorized representative to appear on this Election, the Company agrees to be bound by the terms hereof as stated above.

Signed for and on behalf of **Palo Alto Networks, Inc.**

Vice President & General Counsel

Schedule of Employer Companies

The employing companies to which this Election relates are:

NAME:

Palo Alto Networks (UK) Limited

Registered number: 06851390

Registered Office:	22 Bishopsgate, Level 55, London, EC2N 4BQ, England
Corporation Tax District:	District 623
Corporation Tax Reference:	14747 26068
PAYE Tax District:	120 – North East Metropolitan
PAYE Reference:	120/PH00260439

NAME:

Palo Alto Networks FS International Limited

Registered number: 13789823

Registered Office:	22 Bishopsgate, Level 55, London, EC2N 4BQ, England
Corporation Tax District:	District 623
Corporation Tax Reference:	26559 18447
PAYE Tax District:	120 – North East Metropolitan
PAYE Reference:	120/TE66757

**CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002**

I, Nikesh Arora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Palo Alto Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ NIKESH ARORA

Nikesh Arora
Chief Executive Officer and Director

Date: February 17, 2026

**CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002**

I, Dipak Golechha, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Palo Alto Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DIPAK GOLECHHA

Dipak Golechha
Chief Financial Officer

Date: February 17, 2026

**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**

I, Nikesh Arora, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Palo Alto Networks, Inc. for the quarterly period ended January 31, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Palo Alto Networks, Inc.

/s/ NIKESH ARORA

Nikesh Arora
Chief Executive Officer and Director

Date: February 17, 2026

**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**

I, Dipak Golechha, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Palo Alto Networks, Inc. for the quarterly period ended January 31, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Palo Alto Networks, Inc.

/s/ DIPAK GOLECHHA

Dipak Golechha
Chief Financial Officer

Date: February 17, 2026