



**FREQUENTLY ASKED QUESTIONS
PALO ALTO NETWORKS, INC.
2-FOR-1 STOCK SPLIT**

Announced November 20, 2024

1. What is a 2-for-1 stock split and how does it work?

A forward stock split is when a company increases the number of outstanding shares proportionate to the existing outstanding shares. Our 2-for-1 forward stock split means that you will receive one additional share for each Palo Alto Networks share that you own, for a total holding of two shares. The stock split will not impact the total value of your currently held Palo Alto Networks shares.

2. Why is Palo Alto Networks doing this stock split?

This stock split will make our stock more accessible to our employees and investors. Because the market price of our stock has increased significantly since our last stock split in September 2022, the stock split will enable employees to acquire more whole shares of our stock through equity awards and more easily participate in our employee stock purchase plan. In addition, the stock split may make our stock more accessible to a broader base of investors.

3. Does the stock split dilute the value of my Palo Alto Networks stock by increasing the number of shares?

No. The stock split will not dilute the value of the company's common stock. Each stockholder will have the same proportionate interest of Palo Alto Networks shares before and after the stock split.

4. What does this mean for the value of my shares?

The stock split should not impact the total value of your Palo Alto Networks shares. Following the stock split, you will have two times as many shares as before the split, and the market value of each share will be reduced to half of the pre-split value. We cannot predict future changes in the market price of Palo Alto Networks shares, which may fluctuate for various reasons.

Example:

	Pre-Split	Post-Split
Number of shares held	25 shares	50 shares
Stock price	\$388	\$194
Value of shares held	25 x \$388 = \$9,700	50 x \$194 = \$9,700

5. How will the stock split work?

The stock split will be effected through an amendment to our restated certificate of incorporation, which will also result in a concurrent and proportionate increase in the number of authorized shares of our common stock from one billion to two billion. After the stock split, our common stock will retain a par value of \$0.0001 per share. The amendment will become effective upon the effectiveness of the filing of the amendment with the Secretary of State of the State of Delaware, after the close of trading on December 12, 2024 (which we call the “record date”).

Accordingly, anyone who holds shares of our common stock as of the close of trading on the record date will receive one additional share distributed to them for each share they held on that date. The additional shares are intended to be distributed after close of trading on or around December 13, 2024 (which we call the “distribution date”). This means that after the stock split, each stockholder will have two times as many shares as before the stock split, and the market price of each share will be divided by two.

6. Is stockholder approval required to complete the stock split?

No. Stockholder approval is not required to complete the stock split or the proportionate increase to our authorized shares of common stock.

7. What are the important dates I should know?

- December 12, 2024 (after the close of trading) is the **record date**, or the date used to determine who is eligible to receive additional shares as a result of the stock split.
- December 13, 2024 (after the close of trading) is the **distribution date**, or the date on which the additional shares are expected to be distributed to the accounts of those eligible.
- December 16, 2024 is the “**ex-split**” **date**, or the date on which Palo Alto Networks stock is expected to first trade on a post-split basis at a post-split adjusted price.

8. When will the stock split go into effect? Do I need to do anything in order to receive my additional Palo Alto Networks shares from the stock split?

The stock split will become effective after the close of trading on December 12, 2024. The additional shares are expected to be distributed to the accounts of shareholders of record as of the record date after the close of trading on December 13, 2024. You will not have to do anything to receive the shares. The distributions will be made as electronic “book-entry” shares, which is the same manner you receive Palo Alto Networks shares today.



The first trading day on which Palo Alto Networks shares will trade on a post-split basis at a post-split adjusted price is expected to be December 16, 2024.

9. What happens to fractional shares?

Investors who trade in fractional shares should consult their brokerage firms. Palo Alto Networks will not issue any fractional shares in connection with the stock split.

10. What happens if I buy or sell Palo Alto Networks shares after the record date of December 12 and on the distribution date of December 13?

If you purchase Palo Alto Networks stock after the record date of December 12, 2024 and prior to the additional shares being distributed after the close of trading on December 13, 2024, then whomever you buy the stock from will owe you the shares to be issued in the stock split. Please note that you may experience a delay before receiving the additional shares.

If you sell PANW stock after the record date, and prior to the additional shares being distributed after the close of trading on December 13, 2024, then you will owe the shares to be issued in the stock split to whomever you sell your stock.

In either case, there is no action you need to take regarding the split, as the brokerage community will track these trades and coordinate the applicable adjustments through their depository agent on your behalf.

11. What impact does the stock split have on my convertible notes?

The conversion rates of our outstanding 0.375% Convertible Senior Notes due 2025 (the "2025 Notes") will automatically be adjusted in accordance with the terms of the applicable indenture governing the 2025 Notes (the "Indenture") to account for the stock split. No action on the part of a holder of any convertible notes is required in order to effect the adjustment. For more information on the impact of the stock split on the 2025 Notes, holders should refer to the Indenture.

12. What are the tax consequences of the stock split?

United States. We have been advised that, under current law, the receipt of split shares as a result of this stock split should not result in any taxable income, gain or losses to you for United States federal income tax purposes.

When you sell your shares and calculate any capital gain or loss for United States federal income tax purposes, your cumulative cost basis in your split shares should equal your original cumulative cost basis in your shares prior to the stock split. Similarly, your holding period in the split shares should include your holding period in the shares before the split.



Basis and holding period is determined on a block-by-block basis (i.e., shares that were acquired at the same time for the same price). If you hold different blocks of shares, please consult with your tax advisor.

Stockholders should consult their personal tax advisors regarding any federal, state, local, or other tax consequences.

Countries outside of the United States: If you are outside the United States or are otherwise subject to taxation in a jurisdiction other than the United States consult with your local tax advisor on tax impacts of the stock split as they could vary by jurisdiction.

The foregoing tax information is furnished for your assistance. Palo Alto Networks is not providing you with any tax advice. You should consult your personal tax advisor regarding the impact this might have on your situation and to determine whether any taxes are due in connection with the stock split.

13. Who can I contact if I still have additional questions about the stock split?

Please contact your broker if you have additional questions about the stock split.