

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

**1. What is a 3-for-1 stock split and how does it work?**

A stock split is when a company increases the number of outstanding shares by issuing more shares to its current stockholders proportionate to their existing holdings. Our 3-for-1 stock split means that you will receive an additional two shares for each Palo Alto Networks share that you own, for a total holding of three shares. The stock split will not impact the total value of your currently held Palo Alto Networks shares.

**2. Why are we 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 initial public offering, 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 three times as many shares as before the split, and the market value of each share will be reduced to one-third 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:**

	<b>Pre-Split</b>	<b>Post-Split</b>
Number of shares held	25 shares	75 shares
Stock price	\$501	\$167
Value	25 x \$501 = <b>\$12,525</b>	75 x \$167 = <b>\$12,525</b>

## 5. How will the stock split work?

As part of the stock split, anyone who holds shares of our stock on the stock split record (September 6, 2022) will receive two additional shares in the form of a “dividend” for each share they held on that date. The additional shares will be distributed after close of trading on the payment date (September 13, 2022). This means that after the split, each stockholder will have three times as many shares as before, and the market price of each share will be divided by three.

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

No. Stockholder approval is not required to complete the stock split.

## 7. What are the important dates I should know?

- September 6, 2022 is the **record date**, or the date used to determine who is eligible to receive the split shares.
- September 13, 2022 is the **payment date** (also known as the distribution date), or the date on which the stock split is effective.
- September 14, 2022 is the **ex-dividend date**, or the date on which PANW stock will 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 Network shares from the stock split?

The additional shares will be distributed after close of trading on September 13, 2022 to anyone who held shares of Palo Alto Networks stock as of the close of trading on September 6, 2022. 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 Network 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 will be September 14, 2022.

*Please note that existing Palo Alto Networks’ stock certificates are still valid. If you hold a stock certificate, please keep them.*

## 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 between the record date of September 6 and the payment date of September 13?**

If you purchase Palo Alto Networks stock after September 6, 2022, but on or before September 13, 2022, 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 September 6, 2022, but on or before September 13, 2022, 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 0.75% Convertible Senior Notes due 2023 and 0.375% Convertible Senior Notes due 2025 will automatically be adjusted in accordance with the terms of the applicable indenture governing such series of convertible notes 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 convertible notes of a series, holders should refer to the applicable indenture governing such series of convertible notes.

## **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.

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, but you should consult your personal tax advisor regarding the impact this might have on your personal situation. Palo Alto Networks is not providing tax advice.*

**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.