

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

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FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): August 15, 2007

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Network Appliance, Inc.  
(Exact name of Registrant as specified in its charter)

Delaware	0-27130	77-0307520
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

495 East Java Drive  
Sunnyvale, CA 94089  
(Address of principal executive offices) (Zip Code)

(408) 822-6000  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

On August 15, 2007, Network Appliance, Inc. issued a press release announcing its earnings for the first quarter of fiscal year 2008. The press release is attached as an exhibit to this Form 8-K, and the information set forth therein is hereby incorporated by reference into this Item 2.02.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Network Appliance, Inc.'s August 15, 2007 press release is hereby furnished as Exhibit 99.1 to this Form 8-K in connection with the disclosures under Item 2.02 of this Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 15, 2007

By: /s/ Steven Gomo

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Steven J. Gomo  
Chief Financial Officer

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Index to Exhibits

Exhibit	Description
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99.1	Press release of Network Appliance, Inc. issued on August 15, 2007.

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## Network Appliance Announces Results for First Quarter Fiscal Year 2008

SUNNYVALE, Calif.--(BUSINESS WIRE)--Aug. 15, 2007--Network Appliance, Inc. (NASDAQ: NTAP), the leader in advanced networked storage solutions, today reported results for the first quarter and fiscal year 2008. Revenues for the first fiscal quarter were \$689.2 million, an increase of 11% compared to revenues of \$621.3 million for the same period a year ago and a decrease of 14% compared to \$801.2 million in the prior quarter.

For the first fiscal quarter, GAAP net income was \$34.3 million, or \$0.09 per share(1) compared to GAAP net income of \$54.7 million, or \$0.14 per share for the same period in the prior year. Non-GAAP(2) net income for the first fiscal quarter was \$76.0 million, or \$0.20 per share, compared to non-GAAP net income of \$96.6 million, or \$0.25 per share for the same period a year ago.

"We are clearly disappointed with our revenue growth this quarter, yet confident about our underlying business strength and continued health," said Dan Warmenhoven, chief executive officer. "Our bookings growth and cash flow are both very encouraging, and we are optimistic about getting back on track for higher growth in revenue and profits going forward."

## Outlook

- Network Appliance ("NetApp") expects revenue for the second quarter fiscal year 2008 to be between \$752 million and \$768 million, with year-over-year growth of 15% to 18% and sequential growth of 9% to 11%.
- Including the implementation of SFAS123R and with current information and assumptions, the company estimates that the second quarter fiscal year 2008 GAAP earnings per share will be approximately \$0.16 to \$0.18 per share.
- Network Appliance expects second quarter fiscal year 2008 non-GAAP earnings per share to be approximately \$0.24 to \$0.26 per share.

## Quarterly Highlights

During the first quarter of fiscal year 2008, NetApp(R) continued to offer customer solutions to reduce power and manage costs and complexity in the data center through several new product announcements, membership in The Green Grid, and solution enhancements with key partners. The company also continued to gain momentum in all of its key storage markets, including software, services, Fibre Channel (FC) storage area network (SAN), network-attached storage (NAS), and iSCSI.

This quarter NetApp set a new industry standard for deduplication technology by offering NetApp advanced single-instance storage (A-SIS) deduplication for NetApp NearStore(R) and FAS storage systems. This technology helps customers achieve the cost benefits of deduplication across a wide variety of environments, including backup, archival, compliance storage, and primary data sets as diverse as home directories and genomic data. The introduction of NetApp A-SIS deduplication provides customers with the ability to reduce capital expenditures and management costs by dramatically reducing the amount of storage they need to purchase and manage. The reduction in quantity of physical storage translates into savings in power and cooling costs and data center real estate costs.

Strengthening customer data manageability, NetApp also enhanced both SnapDrive(R), for server storage management, and Virtual File Manager(TM) Enterprise Edition (VFM(R)-EE), for file data management, which customers leverage for increased productivity and flexibility by allowing application administrators to manage their data and react quickly to changing business conditions.

From a market perspective, according to IDC's Worldwide Quarterly

Disk Storage Systems Tracker Q1 2007(3), NetApp gained revenue share in networked storage, growing to a 10.5% share in Q1 2007, up from a 9.3% share at year-end 2006. NetApp also gained capacity share in networked storage, growing to 20.4% from 17.5% in the same period.

In Fibre Channel (FC) SAN, NetApp continues to grow faster than the market in both revenue and capacity, both sequentially and year over year. Sequentially, the FC SAN market revenue dropped 10.4%, while NetApp grew 12.6%. Year over year, the FC SAN market revenue grew 12.6%, while NetApp grew 103.0%. NetApp dramatically outpaced the FC SAN market in terms of capacity, growing at 263.7% year over year, compared to market growth of 57.1% during that period.

In its core NAS market, NetApp grew faster than the market sequentially in terms of both revenue and capacity. Sequentially, the NAS market revenue dropped 8.0%, while NetApp grew 10.7%. NetApp continues to lead the NAS market in terms of capacity, with a 39.3% share in Q1 2007, up from a 32.4% share in Q4 2006.

NetApp demonstrated continued leadership in the iSCSI market in terms of revenue and capacity, with first-place market share for Q1 2007 in capacity shipped (33.3%) and in revenue (24.3%). In Q1 2006, the iSCSI market revenue grew 8.6% sequentially, while NetApp grew 14.9%.

In the storage software market, NetApp grew 10 times faster than the overall storage software market from Q4'06 to Q1'07 and maintained or gained share in each submarket segment in which it provides offerings. According to IDC's Worldwide Quarterly Storage Software Tracker Q1 2007(4), NetApp also maintained the number two market share position in the storage replication software market, closing the gap on the market leader.

NetApp continued its leadership in storage services with a position in the Leaders quadrant of the Gartner Magic Quadrant for Storage Services, Q2'07(5) report.

In corporate news, NetApp was honored by the Boston Business Journal as a "Best Place to Work" in the Boston area for 2007. The NetApp New England office ranked number six in the mid-size company category, which included companies with 101 to 500 employees. NetApp was also recognized by Indiatimes Infotech, a leading technology media Website in India, as one of the "Best Tech Companies to Work For" in India for 2007.

In other corporate news, NetApp received a second Job Development Investment Grant (JDIG) from the State of North Carolina to expand its operations in Research Triangle Park.

#### Webcast and Conference Call Information

- The NetApp quarterly results conference call will be broadcast live via the Internet at <http://investors.netapp.com> on Wednesday, August 15, 2007, at 2:00 p.m. Pacific time. This press release and any other information related to the call will also be posted on the Website at that location.
- The conference call will also be available live in a listen-only format at (866) 510-0707 in the United States and (617) 597-5376 outside the United States. The pass code for both numbers is 35531174.
- A replay will be available for 72 hours following the completion of the live call by dialing (888) 286-8010 in the United States and (617) 801-6888 outside the United States, using replay code 65528258. The Webcast replay will be posted on our Website for at least one year.

#### About Network Appliance

Network Appliance is a world leader in unified storage solutions for today's data-intensive enterprise. Since its inception in 1992, Network Appliance has delivered technology, product, and partner firsts that simplify data management. Information about Network Appliance(TM) solutions and services is available at [www.netapp.com](http://www.netapp.com).

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include all of the statements under the Outlook section relating to our forecasted operating results and metrics for the second quarter of fiscal 2008 and statements regarding the anticipated benefits of our products, technologies, and services relative to the offerings of our competitors. These forward-looking statements involve risks and uncertainties, and actual results could vary. Important factors that could cause actual results to differ materially from those in the forward-looking statements include our ability to build non-deferred backlog to levels consistent with our past results and to increase our revenue over the next several quarters; general economic and industry conditions, including expenditure trends for storage-related products; risks associated with the anticipated growth in network storage and content delivery markets; our ability to deliver new product architectures and enterprise service offerings; competition risks, including our ability to design products and services that compete effectively from a price and performance perspective; risks with new product introductions; our reliance on a limited number of suppliers; our ability to accurately forecast demand for our products and successfully manage our relationships with our contract manufacturers; our ability to expand our direct sales operations and reseller distribution channels; our ability to develop, maintain, and strengthen our relationships and product offerings with strategic partners; risks associated with international operations; our ability to successfully acquire and integrate complementary businesses and technologies; foreign currency exchange rate fluctuations; and other important factors as described in Network Appliance, Inc. reports and documents filed from time to time with the Securities and Exchange Commission, including the factors described under the sections captioned "Risk Factors" in our most recently submitted 10-K and 10-Q. We disclaim any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

(1) Earnings per share represents the diluted number of shares for all periods presented.

(2) Non-GAAP results of operations exclude amortization of intangible assets, stock-based compensation expenses, acquisition-related retention costs, gain on sale of investment, restructuring charges/recoveries, prior acquisition-related costs, and the related effects on income taxes as well as certain discrete GAAP provisions for income tax matters recognized ratably for non-GAAP purposes.

(3) IDC's Worldwide Quarterly Disk Storage Systems Tracker, Q1 2007.

(4) IDC's Worldwide Quarterly Storage Software Tracker, Q1 2007.

(5) Gartner Inc., Magic Quadrant for Storage Services, Q2'07.

NetApp, NearStore, SnapDrive, and VFM are registered trademarks and Network Appliance and Virtual File Manager are trademarks of Network Appliance, Inc. in the U.S. and other countries. All other brands or products are trademarks or registered trademarks of their respective holders and should be treated as such.

#### Network Appliance Usage of Non-GAAP Financials

The Company refers to the non-GAAP financial measures cited above in making operating decisions because they provide meaningful supplemental information regarding the Company's operational performance. These non-GAAP results of operations exclude amortization of intangible assets, stock-based compensation expenses, acquisition-related retention costs, gain on sale of investment, restructuring charges/recoveries, prior acquisition-related costs, and the related effects on income taxes as well as certain discrete GAAP provisions for income tax matters recognized ratably for non-GAAP purposes. We have excluded these items in order to enhance investors' understanding of our ongoing operations. The use of these non-GAAP financial measures has material limitations because they should not be used to evaluate our company

without reference to their corresponding GAAP financial measures. As such, we compensate for these material limitations by using these non-GAAP financial measures in conjunction with GAAP financial measures.

These non-GAAP financial measures facilitate management's internal comparisons to the Company's historical operating results and comparisons to competitors' operating results. We include these non-GAAP financial measures in our earnings announcement because we believe they are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making, such as employee compensation planning. In addition, we have historically reported similar non-GAAP financial measures to our investors and believe that the inclusion of comparative numbers provides consistency in our financial reporting at this time.

NETWORK APPLIANCE, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands)  
(Unaudited)

	July 27, 2007	April 27, 2007
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 623,990	\$ 489,079
Short-term investments	706,270	819,702
Accounts receivable, net (1)	403,159	548,249
Inventories	58,019	54,880
Prepaid expenses and other assets (1)	86,696	99,840
Short-term restricted cash and investments	103,906	118,312
Short-term deferred income taxes	106,810	110,741
	-----	-----
Total current assets	2,088,850	2,240,803
PROPERTY AND EQUIPMENT, net	629,124	603,523
GOODWILL	601,056	601,056
INTANGIBLE ASSETS, net	76,115	83,009
LONG-TERM RESTRICTED CASH AND INVESTMENTS	5,242	3,639
LONG-TERM DEFERRED INCOME TAXES AND OTHER ASSETS	155,037	126,448
	-----	-----
	\$3,555,424	\$3,658,478
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 69,150	\$ 85,110
Accounts payable	136,077	144,112
Income taxes payable	5,675	53,371
Accrued compensation and related benefits	107,377	177,327
Other accrued liabilities	89,887	97,017
Deferred revenue	663,865	630,610
	-----	-----
Total current liabilities	1,072,031	1,187,547
	-----	-----
LONG-TERM DEFERRED REVENUE	485,970	472,423
OTHER LONG-TERM OBLIGATIONS	70,288	9,487
	-----	-----
	1,628,289	1,669,457
	-----	-----
STOCKHOLDERS' EQUITY	1,927,135	1,989,021
	-----	-----
	\$3,555,424	\$3,658,478
	=====	=====

(1) In the first quarter of fiscal 2008, the Company began to classify VAT and sales tax receivable balances from its customers within prepaid expenses and other assets. These balances were included in accounts receivable, net, in previous periods (\$43,075 at April 27, 2007) and such amounts have been reclassified in the accompanying interim financial statements to conform to the current period classification.

NETWORK APPLIANCE, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except net income per share amounts)  
(Unaudited)

	Quarter Ended	
	July 27, 2007	July 28, 2006
REVENUES:		
Product	\$463,333	\$465,611
Software entitlements and maintenance	107,927	74,830
Service	117,975	80,847
	-----	-----
Total revenues	689,235	621,288
	-----	-----
COST OF REVENUES:		
Cost of product	186,751	187,965
Cost of software entitlements and maintenance	2,084	2,292
Cost of service	83,203	57,961
	-----	-----
Total cost of revenues	272,038	248,218
	-----	-----
GROSS MARGIN	417,197	373,070
	-----	-----
OPERATING EXPENSES:		
Sales and marketing	244,643	195,518
Research and development	106,556	88,678
General and administrative	41,450	32,396
Restructuring recoveries	-	(74)
	-----	-----
Total operating expenses	392,649	316,518
	-----	-----
INCOME FROM OPERATIONS	24,548	56,552
OTHER INCOME (EXPENSES), net:		
Interest income	17,035	16,656
Interest expense	(1,081)	(3,871)
Other income, net	832	779
	-----	-----
Total other income, net	16,786	13,564
	-----	-----
INCOME BEFORE INCOME TAXES	41,334	70,116
PROVISION FOR INCOME TAXES	6,997	15,446
	-----	-----
NET INCOME	\$ 34,337	\$ 54,670
	=====	=====
NET INCOME PER SHARE:		
BASIC	\$ 0.09	\$ 0.15
	=====	=====
DILUTED	\$ 0.09	\$ 0.14
	=====	=====

SHARES USED IN PER SHARE CALCULATION:

BASIC	364,457	373,869
	=====	=====
DILUTED	377,631	391,319
	=====	=====

NETWORK APPLIANCE, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
(In thousands)  
(Unaudited)

	Quarter Ended	
	July 27, 2007	July 28, 2006
	-----	-----
Cash Flows from Operating Activities:		
Net income	\$ 34,337	\$ 54,670
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	26,734	18,714
Amortization of intangible assets	6,398	4,686
Amortization of patents	495	495
Stock-based compensation	40,411	43,022
Net loss on disposal of equipment	117	81
Allowance for doubtful accounts	84	144
Deferred income taxes	(22,692)	-
Deferred rent	399	199
Excess tax benefit from stock-based compensation	(8,339)	(4,489)
Changes in assets and liabilities:		
Accounts receivable	188,072	69,914
Inventories	(3,145)	(520)
Prepaid expenses and other assets	(27,392)	(26,337)
Accounts payable	(14,082)	(1,139)
Income taxes payable	18,434	(6,914)
Accrued compensation and related benefits	(69,889)	(38,964)
Other accrued liabilities	(15,591)	(10,980)
Deferred revenue	46,548	61,982
	-----	-----
Net cash provided by operating activities	200,899	164,564
	-----	-----
Cash Flows from Investing Activities:		
Purchases of investments	(328,893)	(874,416)
Redemptions of investments	447,022	906,423
Redemptions of restricted investments	14,930	16,322
(Increase) decrease in restricted cash	(1,767)	252
Proceeds from sales of nonmarketable securities	-	17
Purchases of property and equipment	(33,586)	(23,056)
Purchases of nonmarketable securities	(4,035)	(1,183)
	-----	-----
Net cash provided by investing activities	93,671	24,359
	-----	-----
Cash Flows from Financing Activities:		
Proceeds from sale of common stock related to employee stock transactions	49,991	36,831
Excess tax benefit from stock-based compensation	8,339	4,489
Repayment of debt	(15,960)	(27,866)
Tax withholding payments reimbursed by restricted stock	(2,742)	(980)
Repurchases of common stock	(200,000)	(220,000)
	-----	-----
Net cash used in financing activities	(160,372)	(207,526)
	-----	-----
Effect of Exchange Rate Changes on Cash	713	(324)
Net (Decrease) Increase in Cash and Cash Equivalents	134,911	(18,927)
Cash and Cash Equivalents:		
Beginning of period	489,079	461,256
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End of period	\$ 623,990	\$ 442,329



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NETWORK APPLIANCE, INC.  
SUPPLEMENTAL INFORMATION  
(In thousands)  
(Unaudited)

QUARTER ENDED JULY 27, 2007

	Amortization of Intangible Assets	Stock-based Compensation Expenses	Acquisition- Related Retention Cost
Cost of product revenues	\$5,278	\$945	-
Cost of service revenues	-	2,671	-
Sales and marketing expense	970	17,491	1,162
Research and development expense	-	13,175	-
General and administrative expense	150	6,129	-
Restructuring recoveries	-	-	-
Effect on pre-tax income	\$6,398	\$40,411	\$1,162

QUARTER ENDED JULY 28, 2006

	Amortization of Intangible Assets	Stock-based Compensation Expenses	Acquisition- Related Retention Cost
Cost of product revenues	\$3,866	\$670	-
Cost of service revenues	-	2,634	-
Sales and marketing expense	583	18,717	-
Research and development expense	-	13,868	-
General and administrative expense	237	7,133	-
Restructuring recoveries	-	-	-
Effect on pre-tax income	\$4,686	\$43,022	-

QUARTER ENDED JULY 27, 2007

	Prior Restructuring Recoveries	Acquisition- related Costs	Total
Cost of product revenues	-	-	\$6,223
Cost of service revenues	-	-	2,671
Sales and marketing expense	-	-	19,623
Research and development expense	-	-	13,175
General and administrative expense	-	2,800	9,079
Restructuring recoveries	-	-	-
Effect on pre-tax income	-	\$2,800	\$50,771

QUARTER ENDED JULY 28, 2006

	Recoveries	Prior Acquisition-related Costs	Total
Cost of product revenues	-	-	\$4,536
Cost of service revenues	-	-	2,634
Sales and marketing expense	-	-	19,300
Research and development expense	-	-	13,868
General and administrative expense	-	-	7,370
Restructuring recoveries	(74)	-	(74)
Effect on pre-tax income	(\$74)	-	\$47,634

NETWORK APPLIANCE, INC.  
RECONCILIATION OF NON-GAAP AND GAAP  
IN THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except net income per share amounts)  
(Unaudited)

	Quarter Ended	
	July 27, 2007	July 28, 2006
SUMMARY RECONCILIATION OF NET INCOME		
NET INCOME	\$34,337	\$54,670
Adjustments:		
Amortization of intangible assets	6,398	4,686
Stock-based compensation expenses	40,411	43,022
Acquisition-related retention cost	1,162	-
Restructuring recoveries	-	(74)
Prior acquisition-related costs	2,800	-
Discrete GAAP tax provision items	443	-
Income tax effect	(9,564)	(5,749)
NON-GAAP NET INCOME	\$75,987	\$96,555
NET INCOME PER SHARE	\$ 0.091	\$ 0.140
Adjustments:		
Amortization of intangible assets	0.017	0.012
Stock-based compensation expenses	0.107	0.110
Acquisition-related retention cost	0.003	-
Restructuring recoveries	-	-
Prior acquisition-related costs	0.007	-
Discrete GAAP tax provision items	0.001	-
Income tax effect	(0.025)	(0.015)
NON-GAAP NET INCOME PER SHARE	\$ 0.201	\$ 0.247

NETWORK APPLIANCE, INC.  
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP  
EXPRESSED AS EARNINGS PER SHARE  
SECOND QUARTER 2008  
(Unaudited)

Second Quarter  
2008

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Non-GAAP Guidance \$0.24 - \$0.26

Adjustments of Specific Items to  
Earnings Per Share for the Second  
Quarter 2008:

Amortization of intangible assets	(0.02)
Stock based compensation expense	(0.11)
Gain on sale of investment	0.04
Income tax effect	0.01

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Total Adjustments (0.08)

GAAP Guidance - Earnings Per Share \$0.16 - \$0.18

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