

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): November 18, 2003  
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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)  
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Item 12.

The information is furnished pursuant to "Item 12. Results of Operations and Financial Condition" in accordance with SEC Release No. 33-8216 (March 27, 2003).

On November 18, 2003, Network Appliance, Inc. issued a press release announcing its earnings for the second quarter fiscal year 2004. The press release, attached hereto as Exhibit 99.1, is being furnished on 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.

November 18, 2003

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 November 18, 2003.
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Network Appliance Announces Results for Second Quarter Fiscal Year 2004; Eighth Consecutive Quarter of Growth

SUNNYVALE, Calif.--(BUSINESS WIRE)--Nov. 18, 2003--Network Appliance, Inc. (Nasdaq:NTAP) today announced results for the second quarter of fiscal year 2004. Revenues for the second fiscal quarter were \$275.6 million, an increase of 28% compared to revenues of \$215.2 million for the same period a year ago and a 6% increase compared to \$260.5 million in the prior quarter.

For the second quarter, GAAP net income increased 206% to \$48.4 million, or \$0.13 per share(1) compared to GAAP net income of \$15.8 million, or \$0.05 per share for the same period in the prior year. GAAP net income for the second quarter of fiscal year 2004 includes a non-recurring tax benefit of \$16.8 million, or approximately \$0.045 per share, associated with a favorable foreign tax ruling, which transpired during the current quarter. Pro forma(2) net income for the second quarter increased 92% to \$33.6 million, or \$0.09 per share, compared to pro forma net income of \$17.5 million, or \$0.05 per share for the same period a year ago.

Revenues for the first six months of the current fiscal year totaled \$536.1 million, compared to revenues of \$422.0 million for the first six months of the prior fiscal year.

For the first six months of the current fiscal year, GAAP net income was \$75.5 million, or \$0.21 per share, compared with income of \$32.0 million, or \$0.09 per share for the same period in the prior year. Pro forma net income for the first six months of the current fiscal year totaled \$62.4 million, or \$0.17 per share, compared to pro forma net income of \$35.5 million, or \$0.10 per share for the first six months of the prior fiscal year.

"I am very pleased with our results and our continued growth, which exceeded 25% year-over-year for the second consecutive quarter," said Dan Warmenhoven, Chief Executive Officer at Network Appliance. "Our entry-level FAS systems achieved significant market momentum, and we continue to lead in enterprise iSCSI storage systems. We have expanded SnapLock(TM) for general enterprise as well as regulatory compliance needs. Most importantly, our growth reflects our strong customer commitment, growing services expertise, and sales emphasis on enterprise accounts."

#### Quarterly Highlights

In the second quarter of fiscal year 2004, Network Appliance continued to reinforce its position as a storage leader by expanding its iSCSI, unified storage, and NearStore(R) solutions, extending its partnerships with other technology leaders, and winning customers across all target industries.

The company reaffirmed its commitment to iSCSI technology by becoming the first to support Windows(R), Novell(R), NetWare(R), and Linux(R) native iSCSI initiators on Intel(R) technology-based platforms, enabling customers to share and network more of their data currently in direct-attached configurations using their existing network infrastructures. In addition, Network Appliance announced its program to qualify iSCSI adapter vendors as NetApp(R) supported solutions in conjunction with NetApp iSCSI storage systems, allowing vendors to develop affordable, certified, and interoperable storage consolidation solutions.

During the second quarter, customers worldwide also chose Network Appliance to store, manage, protect, and consolidate a wide range of data. Unified storage, iSCSI, SAN, and NAS wins included 1-800 CONTACTS, Antwerp Municipal Port Authority, Bacardi, Bronson Healthcare, DHL International, Egmont IT, National Instruments, National Oceanic and Atmospheric Administration, TF1, U.S. Department of State, and Xerox Corporation. NearStore customer wins included Constellation Energy Group, Discovery Communications, Inc., L'Equipe, Magellan Health, and The College Board.

The company also expanded its data protection and regulatory compliance initiatives by extending the SnapLock solutions for regulated data and data permanence storage. Network Appliance introduced SnapLock Compliance, which meets the storage safeguards required by SEC Rule 17a-3 and 17a-4. Network Appliance also released SnapLock Enterprise, which provides customers with the assurance that important data and business records remain accurate, safe, accessible, and unmodified. In addition, Network Appliance teamed up with Decru

DataFort(TM) and MDY Advanced Technologies to achieve U.S. Department of Defense 5015.2-STD certification for electronic records management applications, enabling defense users to meet stringent data protection and shredding regulations regarding national security.

During the quarter, Network Appliance reinforced its commitment to partners by launching the NetApp Partner Program to support the companies who continue to play an integral role in developing and expanding Network Appliance's enterprise solutions and services. The program enables partners to more tightly integrate and synergize their products and services for optimal performance in NetApp environments by providing the tools, training, collateral, education programs, and online partner and support portals to assist them in addressing the end user needs.

The company also extended its strategic partnership with Fujitsu Siemens Computers to deliver integrated server and storage solutions for Oracle database technology to European customers. In addition, Network Appliance signed an agreement with VERITAS Software Corporation expanding their strategic partnership to cooperatively develop and deliver integrated solutions for customers through joint sales and marketing and cooperative technical support.

#### Footnotes:

1. Earnings per share represents the diluted number of shares for all periods presented.
2. Pro forma results exclude amortization of intangible assets, stock compensation, restructuring charges, net gain or loss on investments, gain on sale of intangible assets, and the related effects on income taxes, as well as the benefit of a non-recurring foreign tax ruling.

#### Acquisition Highlights

On November 4, 2003, Network Appliance signed a merger agreement with Spinnaker Networks, Inc., a privately held company based in Pittsburgh, Pennsylvania, for approximately \$300 million in an all-stock transaction. The software technology acquisition reaffirms the Network Appliance business model and accelerates the company's vision for a storage grid future, enabling customers to leverage more value from their storage and data infrastructures. The transaction is expected to close in January 2004.

#### Conference Call Information

The NetApp quarterly results conference call will be broadcast live via the Internet from the investors section of Network Appliance's Web site at <http://investors.netapp.com> on Tuesday, November 18, 2003 at 2:00 p.m. Pacific time. The conference call will also be available live in a listen-only format at (800) 257-2101 in the United States and (303) 262-0075 outside the United States. A replay will be available for 72 hours following completion of the live call by dialing (800) 405-2236 in the United States, and (303) 590-3000 outside the United States, replay code 556284.

#### 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 continue to drive "The evolution of storage.(TM)" Information about Network Appliance solutions and services is available at [www.netapp.com](http://www.netapp.com).

NetApp is a registered trademark and Network Appliance, NearStore, SnapLock, and The evolution of storage 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 Pro Forma 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. In addition, 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. 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.

"Safe Harbor" Statement under U.S. Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements within the meeting of the Private Securities Litigation Reform Act of 1995. These statements include comments regarding our continued position as a storage leader, our ability to meet regulatory standards in certain of the markets we serve, market acceptance of unified storage and other Network Appliance solutions and expected benefits of the proposed acquisition with Spinnaker Networks. These forward-looking statements involve risks and uncertainties, and actual results could vary. Factors that could impact our ability to achieve our goals include general economic and industry conditions, including expenditure trends for storage related products, our ability to deliver new product architectures and products which meet market acceptance, our ability to design products which compete effectively from a price and performance perspective, our ability to successfully complete and integrate our proposed acquisition of Spinnaker Networks and other important factors as described in Network Appliance, Inc.'s reports and documents filed from time to time with the Securities and Exchange Commission, including our most recently submitted 10-K and 10-Q.

Note to Shareholder.com: NTAP - FIN

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

	October 31, 2003	April 30, 2003
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<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 315,060	\$ 284,161
Short-term investments	407,035	334,677
Accounts receivable, net	160,861	151,637
Inventories	36,831	31,559
Prepaid expenses and other	23,965	24,014
Deferred income taxes	27,942	27,444
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Total current assets	971,694	853,492
<b>PROPERTY AND EQUIPMENT, net</b>	<b>361,955</b>	<b>362,862</b>
<b>GOODWILL</b>	<b>48,212</b>	<b>48,212</b>
<b>INTANGIBLE ASSETS, net</b>	<b>8,641</b>	<b>2,954</b>
<b>OTHER ASSETS</b>	<b>53,356</b>	<b>51,653</b>
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	<b>\$1,443,858</b>	<b>\$1,319,173</b>
	=====	=====

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 41,054	\$ 39,600
Income taxes payable	11,875	30,256
Accrued compensation and related benefits	45,609	40,647
Other accrued liabilities	46,252	43,841
Deferred revenue	125,588	110,672

Total current liabilities	270,378	265,016
LONG-TERM DEFERRED REVENUE	83,483	63,698
LONG-TERM OBLIGATIONS	4,781	3,102
	358,642	331,816
STOCKHOLDERS' EQUITY	1,085,216	987,357
	\$1,443,858	\$1,319,173

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

	Quarter Ended		Six Months Ended	
	Oct. 31, 2003	Oct. 25, 2002	Oct. 31, 2003	Oct. 25, 2002
REVENUES:				
Product revenue	\$249,532	\$193,357	\$485,318	\$380,097
Service revenue	26,018	21,814	50,741	41,902
Total revenues	275,550	215,171	536,059	421,999
COST OF REVENUES:				
Cost of product revenue	88,090	67,378	173,129	131,033
Cost of service revenue	22,397	14,803	41,744	30,261
Total cost of revenues	110,487	82,181	214,873	161,294
GROSS MARGIN	165,063	132,990	321,186	260,705
OPERATING EXPENSES:				
Sales and marketing	82,185	76,207	161,541	148,109
Research and development	31,513	28,373	63,054	56,241
General and administrative	12,728	9,132	24,993	16,570
Stock compensation	893	885	1,547	1,868
Restructuring charges	1,110	-	1,110	-
Total operating expenses	128,429	114,597	252,245	222,788
INCOME FROM OPERATIONS	36,634	18,393	68,941	37,917
OTHER INCOME (EXPENSE), net:				
Interest income	2,831	2,880	5,876	6,031
Other expense, net	(1,209)	(189)	(1,256)	(1,189)
Net gain/(loss) on investments	-	-	145	(726)
Gain on sale of intangible asset	-	-	-	604
Total other income, net	1,622	2,691	4,765	4,720
INCOME BEFORE INCOME TAXES	38,256	21,084	73,706	42,637
PROVISION FOR (BENEFIT FROM) INCOME TAXES	(10,157)	5,271	(1,780)	10,659
NET INCOME	\$ 48,413	\$ 15,813	\$ 75,486	\$ 31,978

NET INCOME PER SHARE:				
BASIC	\$ 0.14	\$ 0.05	\$ 0.22	\$ 0.10
DILUTED	\$ 0.13	\$ 0.05	\$ 0.21	\$ 0.09
SHARES USED IN PER SHARE CALCULATION:				
BASIC	343,725	336,605	342,706	336,194
DILUTED	364,715	347,110	361,606	348,616

NETWORK APPLIANCE, INC.  
PRO FORMA (1) CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share amounts)  
(Unaudited)

	Quarter Ended		Six Months Ended	
	Oct. 31, 2003	Oct. 25, 2002	Oct. 31, 2003	Oct. 25, 2002
REVENUES				
Product revenue	\$249,532	\$193,357	\$485,318	\$380,097
Service revenue	26,018	21,814	50,741	41,902
Total revenues	275,550	215,171	536,059	421,999
COST OF REVENUES				
Cost of product revenue	86,726	66,014	170,401	128,283
Cost of service revenue	22,397	14,803	41,744	30,261
Total cost of revenues	109,123	80,817	212,145	158,544
GROSS MARGIN	166,427	134,354	323,914	263,455
OPERATING EXPENSES:				
Sales and marketing	82,185	76,207	161,541	148,109
Research and development	31,513	28,373	63,054	56,241
General and administrative	12,728	9,132	24,993	16,570
Total operating expenses	126,426	113,712	249,588	220,920
INCOME FROM OPERATIONS	40,001	20,642	74,326	42,535
OTHER INCOME, net	1,622	2,691	4,620	4,842
INCOME BEFORE INCOME TAXES	41,623	23,333	78,946	47,377
PROVISION FOR INCOME TAXES	7,995	5,833	16,579	11,844
NET INCOME	\$ 33,628	\$ 17,500	\$ 62,367	\$ 35,533
NET INCOME PER SHARE:				
BASIC	\$ 0.10	\$ 0.05	\$ 0.18	\$ 0.11
DILUTED	\$ 0.09	\$ 0.05	\$ 0.17	\$ 0.10
SHARES USED IN PER SHARE CALCULATION:				

BASIC	343,725	336,605	342,706	336,194
	=====	=====	=====	=====
DILUTED	364,715	347,110	361,606	348,616
	=====	=====	=====	=====

(1) Pro forma results of operations exclude amortization of intangible assets, stock compensation, restructuring charges net gain/loss on investments, gain on sale of intangible asset and the related effects on income taxes, as well as an income tax benefit from a non-recurring foreign tax ruling.

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

	Quarter Ended		Six Months Ended	
	Oct. 31, 2003	Oct. 25, 2002	Oct. 31, 2003	Oct. 25, 2002
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SUMMARY RECONCILIATION OF NET INCOME:				
NET INCOME	\$ 48,413	\$ 15,813	\$ 75,486	\$ 31,978
Adjustments:				
Amortization of intangible assets	1,364	1,364	2,728	2,750
Stock compensation	893	885	1,547	1,868
Restructuring charges	1,110	-	1,110	-
Net (gain)/loss on investments	-	-	(145)	726
Gain on sale of intangible asset	-	-	-	(604)
Income tax effect	(1,321)	(562)	(1,528)	(1,185)
Income tax benefit from foreign tax ruling	(16,831)	-	(16,831)	-
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PRO FORMA NET INCOME	\$ 33,628	\$ 17,500	\$ 62,367	\$ 35,533
	=====	=====	=====	=====
DILUTED PRO FORMA NET INCOME PER SHARE	\$ 0.09	\$ 0.05	\$ 0.17	\$ 0.10
	=====	=====	=====	=====
SHARES USED IN DILUTED PRO FORMA NET INCOME PER SHARE CALCULATION:	364,715	347,110	361,606	348,616
	=====	=====	=====	=====
DETAILED RECONCILIATION OF SPECIFIC ITEMS:				
COST OF REVENUES	\$110,487	\$ 82,181	\$214,873	\$161,294
Adjustment:				
Amortization of intangible assets	(1,364)	(1,364)	(2,728)	(2,750)
	-----	-----	-----	-----
PRO FORMA COST OF REVENUES	\$109,123	\$ 80,817	\$212,145	\$158,544
	=====	=====	=====	=====
GROSS MARGIN	\$165,063	\$132,990	\$321,186	\$260,705
Adjustment:				
Amortization of intangible assets	1,364	1,364	2,728	2,750
	-----	-----	-----	-----
PRO FORMA GROSS MARGIN	\$166,427	\$134,354	\$323,914	\$263,455
	=====	=====	=====	=====
OPERATING EXPENSES	\$128,429	\$114,597	\$252,245	\$222,788

Adjustments:				
Stock compensation	(893)	(885)	(1,547)	(1,868)
Restructuring charges	(1,110)	-	(1,110)	-
	-----	-----	-----	-----
PRO FORMA OPERATING EXPENSES	\$126,426	\$113,712	\$249,588	\$220,920
	=====	=====	=====	=====
INCOME FROM OPERATIONS	\$ 36,634	\$ 18,393	\$ 68,941	\$ 37,917
Adjustments:				
Amortization of intangible assets	1,364	1,364	2,728	2,750
Stock compensation	893	885	1,547	1,868
Restructuring charges	1,110	-	1,110	-
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PRO FORMA INCOME FROM OPERATIONS	\$ 40,001	\$ 20,642	\$ 74,326	\$ 42,535
	=====	=====	=====	=====
TOTAL OTHER INCOME, NET	\$ 1,622	\$ 2,691	\$ 4,765	\$ 4,720
Adjustments:				
Net (gain)/loss on investments	-	-	(145)	726
Gain on sale of intangible asset	-	-	-	(604)
	-----	-----	-----	-----
PRO FORMA TOTAL OTHER INCOME, NET	\$ 1,622	\$ 2,691	\$ 4,620	\$ 4,842
	=====	=====	=====	=====
INCOME BEFORE INCOME TAXES	\$ 38,256	\$ 21,084	\$ 73,706	\$ 42,637
Adjustments:				
Amortization of intangible assets	1,364	1,364	2,728	2,750
Stock compensation	893	885	1,547	1,868
Restructuring charges	1,110	-	1,110	-
Net (gain)/loss on investments	-	-	(145)	726
Gain on sale of intangible asset	-	-	-	(604)
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PRO FORMA INCOME BEFORE INCOME TAXES	\$ 41,623	\$ 23,333	\$ 78,946	\$ 47,377
	=====	=====	=====	=====
PROVISION FOR (BENEFIT FROM) INCOME TAXES	(\$10,157)	\$ 5,271	(\$1,780)	\$ 10,659
Adjustments:				
Income tax effect	1,321	562	1,528	1,185
Income tax benefit from foreign tax ruling	16,831	-	16,831	-
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PRO FORMA PROVISION FOR (BENEFIT FROM) INCOME TAXES	\$ 7,995	\$ 5,833	\$ 16,579	\$ 11,844
	=====	=====	=====	=====

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