

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): May 23, 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)

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Item 2.02.

On May 23, 2007, Network Appliance, Inc. issued a press release announcing its earnings for the fourth quarter and fiscal year 2007. 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(c).

Network Appliance, Inc.'s May 23, 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.

May 23, 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 May 23, 2007.

Network Appliance Announces Results for Fourth Quarter and Fiscal Year 2007

Q4 Revenues \$801.2 Million, up 34% Year over Year;

Fiscal Year 2007 Revenues \$2.8 Billion, up 36% Year over Year

SUNNYVALE, Calif.--(BUSINESS WIRE)--May 23, 2007--Network Appliance, Inc. (NASDAQ:NTAP), the leader in advanced networked storage solutions, today reported results for the fourth quarter and fiscal year 2007. Revenues for the fourth fiscal quarter were \$801.2 million, an increase of 34% compared to revenues of \$598.0 million for the same period a year ago and an increase of 10% compared to \$729.3 million in the prior quarter.

For the fourth fiscal quarter, GAAP net income increased 51% to \$89.6 million, or \$0.23 per share(1) compared to GAAP net income of \$59.2 million, or \$0.15 per share for the same period in the prior year. Non-GAAP(2) net income for the fourth fiscal quarter increased 28% to \$114.2 million, or \$0.30 per share, compared to non-GAAP net income of \$89.3 million, or \$0.23 per share for the same period a year ago.

Revenues for fiscal year 2007 totaled \$2.8 billion, an increase of 36% compared to revenues of \$2.07 billion for fiscal year 2006.

For fiscal year 2007, GAAP net income increased 12% to \$297.7 million, or \$0.77 per share, compared to GAAP net income of \$266.5 million, or \$0.69 per share for fiscal year 2006. Non-GAAP net income for fiscal year 2007 increased 37% to \$430.7 million, or \$1.11 per share, compared to non-GAAP net income of \$315.3 million, or \$0.81 per share for fiscal year 2006.

"Network Appliance had a great finish to a great year. With 36% annual growth, NetApp clearly provides to customers the best value in the industry," said Dan Warmenhoven, chief executive officer. "And while we weren't immune from the March macroeconomic spending slowdown, our competitive differentiation and business fundamentals have never been stronger."

Outlook

- Network Appliance expects sequential revenue for the first quarter of fiscal year 2008 to decline by 6% to 7%, which translates to about 20% to 21% growth year over year.
- Including the implementation of SFAS123R and with current information and assumptions, the company estimates that the first quarter of fiscal year 2008 GAAP earnings per share will be approximately \$0.14 to \$0.15 per share. Network Appliance expects first quarter non-GAAP earnings per share to be approximately \$0.24 to \$0.25 per share.

Quarterly Highlights

During the fourth quarter of fiscal year 2007, NetApp broadened its Fibre Channel (FC) storage area network (SAN) portfolio and enhanced data management and data protection solutions with new products as well as broader and deeper partnerships. The company also continued to gain momentum in the SAN market while maintaining market leadership in both network-attached storage (NAS) and iSCSI.

Continuing its extension into the data center, NetApp announced two new midrange platforms aimed at making enterprise data center management easier for customers. The NetApp(R) FAS3040 and NetApp V3040 series created additional market opportunities for NetApp as it broadened its enterprise lineup and added functionality for FC SAN environments.

The NetApp FC SAN portfolio was further strengthened with the worldwide availability of new switches, including two new blades for the Brocade(R) 48000 Director, and the QLogic(R) SANbox(R) 9000 Core and SANbox 5600 Stackable Series of switches.

NetApp expanded its enterprise-class software line with NetApp ReplicatorX(TM) and NetApp SnapManager(R) software for use with SAP(R) solutions. NetApp ReplicatorX (formerly Topio TDPS) provides continuous data replication and recovery across a range of locations and storage systems, including EMC, HDS, HP, IBM, and NetApp. NetApp SnapManager software for use with SAP enhances application availability and provides increased storage

management flexibility in SAP environments.

From a market perspective, according to IDC's Worldwide Quarterly Disk Storage Systems Tracker Q4 2006(3), NetApp continued to grow faster than the market in FC SAN in both revenue and capacity, year over year. The company grew FC SAN revenue at more than seven times the rate of both the market leader and the overall FC SAN market, and grew FC SAN capacity at more than four times the rate of the overall market.

In addition to FC SAN, NetApp continued to demonstrate leadership in the NAS and iSCSI storage markets, maintaining the number-one market share position in capacity shipped for NAS (38.9%) and in iSCSI for both capacity and revenue.

NetApp also continued to show significant gains in storage software, growing six times faster than the overall storage software market from 2005 to 2006, according to IDC's Worldwide Quarterly Storage Software Tracker Q4 2006(4).

NetApp leadership in innovation remained strong with the news that it has been positioned by Gartner, Inc., in the "Visionaries" quadrant in the Gartner Magic Quadrant for Storage Resource Management (SRM) and SAN Management Software, 2007(5).

On the partner front, NetApp unveiled several new solution enhancements and partner offerings with Brocade, Cisco, Fujitsu, Onaro, RSA, SAP, Symantec, and VMware to address a variety of data concerns, including data management, data protection, and data replication.

In corporate news, NetApp topped the "Most Admired Company" list in the computer peripherals industry in FORTUNE Magazine's 2007 "America's Most Admired Companies" rankings.

NetApp StoreVault(TM) S500 also received accolades in the fourth quarter as it was voted "Best Product of the Year" in Small Business Computing's 2007 Product Excellence Awards.

#### 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, May 23, 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 (800) 901-5231 in the United States and (617) 786-2961 outside the United States. The pass code for both numbers is 67805785.
- 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 37079987. 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 first quarter of fiscal 2008; statements regarding the anticipated benefits of our products, technologies, and services relative to the offerings of our competitors; and statements regarding anticipated benefits from partner offerings. 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, other acquisition-related costs, in-process research and development, restructuring charges/recoveries, gain/loss on sale of assets and investments, certain other nonrecurring events, and the related effects on income taxes.

(3) IDC's Worldwide Quarterly Disk Storage Systems Tracker, Q4 2006.

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

(5) Gartner Inc., "Magic Quadrant for Storage Resource Management (SRM) and SAN Management Software, 2007."

NetApp and SnapManager are registered trademarks and Network Appliance, ReplicatorX, and StoreVault 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 financial measures exclude amortization of intangible assets, in-process research and development, stock compensation, other acquisition-related cost, restructuring charges/recoveries, gain/loss on sales of assets and investments, certain other nonrecurring events, 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)

April 30,      April 30,  
2007              2006

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 489,079	\$ 461,256
Short-term investments	819,702	861,636
Accounts receivable, net	591,324	415,295
Inventories	54,880	64,452
Prepaid expenses and other assets	56,765	43,536
Short-term restricted cash and investments	118,312	138,539
Deferred income taxes	110,741	48,496

Total current assets	2,240,803	2,033,210
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PROPERTY AND EQUIPMENT, net	603,523	513,193
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GOODWILL	601,056	487,535
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INTANGIBLE ASSETS, net	83,009	75,051
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LONG-TERM RESTRICTED CASH AND INVESTMENTS	3,639	108,371
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OTHER ASSETS	126,448	43,605
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	\$3,658,478	\$3,260,965
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Current portion of long-term debt	\$ 85,110	\$ 166,211
Accounts payable	144,112	101,278
Income taxes payable	53,371	51,577
Accrued compensation and related benefits	177,327	129,636
Other accrued liabilities	97,017	69,073
Deferred revenue	630,610	399,388

Total current liabilities	1,187,547	917,163
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LONG-TERM DEBT	-	133,789
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LONG-TERM DEFERRED REVENUE	472,423	282,149
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LONG-TERM OBLIGATIONS	9,487	4,411
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	1,669,457	1,337,512
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STOCKHOLDERS' EQUITY	1,989,021	1,923,453
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	\$3,658,478	\$3,260,965
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NETWORK APPLIANCE, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share amounts)  
(Unaudited)

	Quarter Ended		Year Ended	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006

REVENUES:

Product	\$ 588,121	\$ 455,299	\$2,085,898	\$1,577,435
Software subscriptions	99,206	67,632	341,258	239,139
Service	113,866	75,029	377,126	249,882

Total revenues	801,193	597,960	2,804,282	2,066,456
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COST OF REVENUES:

Cost of product	230,491	184,444	815,928	616,576
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Cost of software subscriptions	2,752	2,138	10,210	8,370
Cost of service	81,936	54,519	273,644	185,049
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Total cost of revenues	315,179	241,101	1,099,782	809,995
	-----	-----	-----	-----
GROSS MARGIN	486,014	356,859	1,704,500	1,256,461
	-----	-----	-----	-----
OPERATING EXPENSES:				
Sales and marketing	259,599	168,763	895,813	599,140
Research and development	108,802	75,939	385,357	251,330
General and administrative	42,164	24,807	147,501	92,817
In process research and development	-	-	-	5,000
Restructuring charges (recoveries)	-	378	(74)	(117)
Gain on sale of assets	-	-	(25,339)	-
	-----	-----	-----	-----
Total operating expenses	410,565	269,887	1,403,258	948,170
	-----	-----	-----	-----
INCOME FROM OPERATIONS	75,449	86,972	301,242	308,291
OTHER INCOME (EXPENSES), net:				
Interest income	17,617	12,929	68,837	41,519
Interest expense	(1,831)	(1,249)	(13,208)	(1,283)
Other income (expense), net	1,204	1,158	4,395	1,644
Net gain (loss) on investments	(422)	-	(1,538)	101
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Total other income, net	16,568	12,838	58,486	41,981
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	92,017	99,810	359,728	350,272
PROVISION FOR INCOME TAXES	2,397	40,589	61,993	83,820
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NET INCOME	\$ 89,620	\$ 59,221	\$ 297,735	\$ 266,452
	=====	=====	=====	=====
NET INCOME PER SHARE:				
BASIC	\$ 0.24	\$ 0.16	\$ 0.80	\$ 0.72
	=====	=====	=====	=====
DILUTED	\$ 0.23	\$ 0.15	\$ 0.77	\$ 0.69
	=====	=====	=====	=====
SHARES USED IN PER SHARE CALCULATION:				
BASIC	369,002	374,035	371,204	371,061
	=====	=====	=====	=====
DILUTED	385,151	392,549	388,454	388,381
	=====	=====	=====	=====

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

Quarter Ended                      Year Ended

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	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
Cash Flows from				
Operating Activities:				
Net income	\$ 89,620	\$ 59,221	\$ 297,735	\$ 266,452
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	25,075	17,504	87,391	63,679
In process research and development	-	-	-	5,000
Amortization of intangible assets	6,490	4,807	21,460	16,136
Amortization of patents	496	495	1,982	1,982
Stock-based compensation	38,354	3,851	163,033	13,293
Net (gain) loss on investments	422	-	1,538	(101)
Gain on sale of assets	-	-	(25,339)	-
Net loss on disposal of equipment	87	63	773	1,381
Allowance for doubtful accounts	742	(875)	928	46
Deferred income taxes	(19,523)	1,531	(19,523)	1,545
Deferred rent	54	368	1,033	669
Excess tax benefit from stock-based compensation	(19,696)	-	(63,159)	-
Changes in assets and liabilities:				
Accounts receivable	(152,234)	(46,663)	(175,231)	(116,816)
Inventories	6,413	(7,850)	9,908	(46,247)
Prepaid expenses and other assets	(5,385)	(6,374)	(6,366)	(12,964)
Accounts payable	32,143	1,333	36,589	17,405
Income taxes payable	18,557	33,063	50,126	72,669
Accrued compensation and related benefits	26,742	15,361	43,612	28,353
Other accrued liabilities	4,511	7,601	16,638	8,571
Deferred revenue	157,879	88,492	421,328	233,229
Net cash provided by operating activities	210,747	171,928	864,456	554,282
Cash Flows from				
Investing Activities:				
Purchases of investments	(692,159)	(578,857)	(2,630,350)	(1,029,412)
Redemptions of investments	682,600	429,108	2,690,326	900,863
Redemptions of restricted investments	64,645	-	127,881	-
Increase (decrease) in restricted cash	(43)	319	290	(1,678)
Proceeds from sale of assets	-	-	23,914	-
Purchases of property and equipment	(53,417)	(36,407)	(165,828)	(132,883)
Proceeds from sales of investments	1,039	-	2,813	130
Purchases of equity securities	(250)	(2,175)	(1,583)	(9,275)

Purchase of business, net of cash acquired	-	-	(131,241)	(53,747)
Net cash provided by (used in) investing activities	2,415	(188,012)	(83,778)	(326,002)
Cash Flows from Financing Activities:				
Proceeds from sale of common stock related to employee stock transactions	38,028	91,020	215,453	232,745
Excess tax benefit from stock-based compensation	19,696	-	63,159	-
Proceeds from debt	-	300,000	-	300,000
Repayment of debt	(66,021)	-	(214,890)	-
Tax withholding payments reimbursed by restricted stock	(580)	(268)	(5,272)	(1,062)
Repurchases of common stock	(200,000)	(98,761)	(805,708)	(488,908)
Net cash (used in) provided by financing activities	(208,877)	291,991	(747,258)	42,775
Effect of Exchange Rate Changes on Cash	(5,422)	(2,776)	(5,597)	(3,341)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,137)	273,131	27,823	267,714
Cash and Cash Equivalents: Beginning of period	490,216	188,125	461,256	193,542
End of period	\$ 489,079	\$ 461,256	\$ 489,079	\$ 461,256

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

QUARTER ENDED APRIL 30, 2007

	Amortization of Intangible Assets	Stock-based Compensation Expenses	Acquisition- Related Retention Cost
Cost of product revenues	\$ 5,278	\$ 1,059	-
Cost of service revenues	-	2,431	-
Sales and marketing expense	974	16,955	1,162
Research and development expense	-	12,157	-
General and administrative expense	238	5,752	-
Restructuring charges (recoveries)	-	-	-
Gain on sale of assets	-	-	-
Net (gain) loss on investments	-	-	-



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Effect on pre-tax income	\$	6,490	\$	38,354	\$	1,162
	Restructuring charges (recoveries)	Gain on Sale of Assets	Net (Gain) Loss on Investments	Total		
Cost of product revenues	-	-	-	\$	6,337	
Cost of service revenues	-	-	-		2,431	
Sales and marketing expense	-	-	-		19,091	
Research and development expense	-	-	-		12,157	
General and administrative expense	-	-	-		5,990	
Restructuring charges (recoveries)	-	-	-		-	
Gain on sale of assets	-	-	-		-	
Net (gain) loss on investments	-	-	422		422	
Effect on pre-tax income	-	-	\$	422	\$46,428	

YEAR ENDED APRIL 30, 2007

	Amortization of Intangible Assets	Stock-based Compensation Expenses	Acquisition-Related Retention Cost
Cost of product revenues	\$ 17,580	\$ 3,720	-
Cost of service revenues	-	10,088	-
Sales and marketing expense	2,930	71,701	1,743
Research and development expense	-	51,323	-
General and administrative expense	950	26,201	-
Restructuring charges (recoveries)	-	-	-
Gain on sale of assets	-	-	-
Net (gain) loss on investments	-	-	-
Effect on pre-tax income	\$ 21,460	\$ 163,033	\$ 1,743

	Restructuring charges (recoveries)	Gain on Sale of Assets	Net (Gain) Loss on Investments	Total
Cost of product revenues	-	-	-	\$ 21,300
Cost of service revenues	-	-	-	10,088
Sales and marketing expense	-	-	-	76,374
Research and development expense	-	-	-	51,323
General and administrative expense	-	-	-	27,151
Restructuring charges (recoveries)	(74)	-	-	(74)
Gain on sale of assets	-	(25,339)	-	(25,339)
Net (gain) loss on investments	-	-	1,538	1,538

Effect on pre-tax income	(\$74)	(\$25,339)	\$ 1,538	\$162,361
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NETWORK APPLIANCE, INC.  
SUPPLEMENTAL INFORMATION  
(In thousands)  
(Unaudited)

QUARTER ENDED APRIL 30, 2006

	Amortization of Intangible Assets	Stock-based Compensation Expenses	In process research and development
Cost of product revenues	\$ 3,866	-	-
Cost of service revenues	-	-	-
Sales and marketing expense	703	1,135	-
Research and development expense	-	2,413	-
General and administrative expense	238	303	-
In process research and development	-	-	-
Restructuring charges (recoveries)	-	-	-
Net (gain) loss on investments	-	-	-
Effect on pre-tax income	\$ 4,807	\$ 3,851	-

	Restructuring charges (recoveries)	Gain on Sale of Assets	Net (Gain) Loss on Investments	Total
Cost of product revenues	-	-	-	\$3,866
Cost of service revenues	-	-	-	-
Sales and marketing expense	-	-	-	1,838
Research and development expense	-	-	-	2,413
General and administrative expense	-	-	-	541
In process research and development	-	-	-	-
Restructuring charges (recoveries)	378	-	-	378
Net (gain) loss on investments	-	-	-	-
Effect on pre-tax income	\$ 378	-	-	\$9,036

YEAR ENDED APRIL 30, 2006

	Amortization of Intangible Assets	Stock-based Compensation Expenses	In process research and development
Cost of product revenues	\$ 11,785	-	-
Cost of service revenues	-	-	-
Sales and marketing			

expense	2,121	3,986	-
Research and development expense	-	8,342	-
General and administrative expense	2,230	965	-
In process research and development	-	-	5,000
Restructuring charges (recoveries)	-	-	-
Net (gain) loss on investments	-	-	-

Effect on pre-tax income	\$ 16,136	\$ 13,293	\$ 5,000
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	Restructuring charges (recoveries)	Gain on Sale of Assets	Net (Gain) Loss on Investments	Total
Cost of product revenues	-	-	-	\$11,785
Cost of service revenues	-	-	-	-
Sales and marketing expense	-	-	-	6,107
Research and development expense	-	-	-	8,342
General and administrative expense	-	-	-	3,195
In process research and development	-	-	-	5,000
Restructuring charges (recoveries)	(117)	-	-	(117)
Net (gain) loss on investments	-	-	(101)	(101)
Effect on pre-tax income	(\$117)	-	(\$101)	\$34,211

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		Year Ended	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006

SUMMARY RECONCILIATION OF NET INCOME

NET INCOME	\$ 89,620	\$ 59,221	\$297,735	\$266,452
Adjustments:				
Amortization of intangible assets	6,490	4,807	21,460	16,136
Stock-based compensation expenses	38,354	3,851	163,033	13,293
Acquisition-related retention cost	1,162	-	1,743	-
In process research and development	-	-	-	5,000
Restructuring charges (recoveries)	-	378	(74)	(117)
Gain on sale of assets	-	-	(25,339)	-
Net (gain) loss on investments	422	-	1,538	(101)
Discrete GAAP tax provision items ratably for non-GAAP purposes	(3,024)	(1,358)	(2,767)	(5,157)
Tax effect on sale of assets	(2,012)	-	2,993	-
Discrete GAAP tax				

provision items	1,924	-	(571)	-
Non-recurring American Jobs Creation Act income tax expense	-	22,482	-	22,482
Income tax effect	(18,719)	(128)	(29,028)	(2,712)
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NON-GAAP NET INCOME	\$114,217	\$ 89,253	\$430,723	\$315,276
	=====	=====	=====	=====
EARNINGS PER SHARE	\$ 0.233	\$ 0.151	\$ 0.766	\$ 0.686
Adjustments:				
Amortization of intangible assets	0.017	0.012	0.055	0.042
Stock-based compensation expenses	0.100	0.010	0.420	0.034
Acquisition-related retention cost	0.003	-	0.004	-
In process research and development	-	-	-	0.013
Restructuring charges (recoveries)	-	0.001	-	-
Gain on sale of assets	-	-	(0.065)	-
Net (gain) loss on investments	0.001	-	0.004	-
Discrete GAAP tax provision items ratably for non-GAAP purposes	(0.008)	(0.003)	(0.007)	(0.013)
Tax effect on sale of assets	(0.005)	-	0.008	-
Discrete GAAP tax provision items	0.005	-	(0.001)	-
Non-recurring American Jobs Creation Act income tax expense	-	0.057	-	0.058
Income tax effect	(0.049)	-	(0.075)	(0.007)
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NON-GAAP EARNINGS PER SHARE	\$ 0.297	\$ 0.228	\$ 1.109	\$ 0.813
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NETWORK APPLIANCE, INC.  
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP  
EXPRESSED AS EARNINGS PER SHARE  
FIRST QUARTER 2008  
(Unaudited)

	First Quarter 2008
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Non-GAAP Guidance	\$0.24 - \$0.25
Adjustments of Specific Items to Earnings Per Share for the First Quarter 2008:	
Amortization of intangible assets	(0.01)
Stock based compensation expense	(0.10)
Income tax effect	0.01
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Total Adjustments	(0.10)
GAAP Guidance - Earnings Per Share	\$0.14 - \$0.15

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