

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

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): February 15, 2005

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

Delaware (State or other jurisdiction of incorporation or organization)	0-27130 (Commission File Number)	77-0307520 (I.R.S. Employer Identification Number)
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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 February 15, 2005, Network Appliance, Inc. issued a press release announcing its earnings for the third quarter of its fiscal year 2005. 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 February 15, 2005 press release is hereby furnished as Exhibit 9.01(c)(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.

February 15, 2005

By: /s/ Steven Gomo

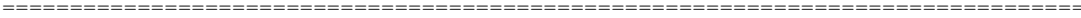
Steven J. Gomo
Chief Financial Officer

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Index to Exhibits

Exhibit	Description
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9.01(c)(1)	Press release of Network Appliance, Inc. issued on February 15,
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2005.



Network Appliance Announces Results for Third Quarter Fiscal Year 2005;
Generates a Record \$148.5 Million in Cash from Operations

SUNNYVALE, Calif.--(BUSINESS WIRE)--Feb. 15, 2005--Network Appliance, Inc. (Nasdaq:NTAP), the leader in advanced networked storage solutions, today reported results for the third quarter of fiscal year 2005. Revenues for the third fiscal quarter were \$412.7 million, an increase of 39% compared to revenues of \$297.3 million for the same period a year ago and a 10% increase compared to \$375.2 million in the prior quarter.

For the third fiscal quarter, GAAP net income increased 50% to \$60.1 million, or \$0.16 per share(1) compared to GAAP net income of \$40.2 million, or \$0.11 per share for the same period in the prior year. Pro forma(2) net income for the third fiscal quarter increased 57% to \$62.8 million, or \$0.16 per share, compared to pro forma net income of \$40.1 million, or \$0.11 per share for the same period a year ago.

Revenues for the first nine months of the current fiscal year totaled \$1.1 billion, compared to revenues of \$833.3 million for the first nine months of the prior fiscal year, an increase of 38% year over year.

For the first nine months of the current fiscal year, GAAP net income increased 40% to \$162.3 million, or \$0.43 per share, compared with GAAP net income of \$115.6 million, or \$0.32 per share for the same period in the prior year. Pro forma net income for the first nine months of the current fiscal year totaled \$171.1 million, or \$0.45 per share, compared to pro forma net income of \$102.4 million, or \$0.28 per share for the first nine months of the prior fiscal year.

"This quarter's strong, well-rounded results demonstrate that our investments in sales, services and innovation are paying off, both in product and services revenue growth," said Dan Warmenhoven, CEO of Network Appliance. "Customers' increasing need for data protection, including compliance, disk-to-disk backup, and business continuity solutions, is one of the key drivers of our growth this quarter. In addition, we expect our leadership in emerging technologies such as iSCSI, virtualization, and the storage grid to increasingly contribute to our growth over the long term."

Outlook

- Network Appliance estimates that revenue for the fourth quarter will grow sequentially by 6% to 9%. This projection reflects year over year growth rates of 30% to 33%.
- The company expects fourth quarter pro forma earnings per share to finish at \$0.16 to \$0.17 per share. Fourth quarter GAAP earnings per share are projected at \$0.16 per share.
- For the full fiscal year 2005, Network Appliance estimates that revenues will finish 35% to 36% higher than fiscal year 2004.
- Network Appliance estimates full year pro forma earnings per share to finish at \$0.60 to \$0.62 per share. GAAP earnings per share are projected for fiscal year 2005 at \$0.57 to \$0.59 per share.

Quarterly Highlights

Throughout the third quarter of fiscal year 2005, Network Appliance reinforced its leadership position by introducing the latest version of its powerful enterprise storage software, expanding partnerships, and continuing to demonstrate leadership in the iSCSI market. Customers deploying NetApp(R) solutions during the quarter for a variety of database, security, and other data center and mission-critical applications included AIRBUS France, Defense Finance and Accounting Service, The Dow Chemical Company, GlaxoSmithKline, IKON Digital Express, Mayo Clinic, Mentor Graphics Corporation, NASA, Philips Semiconductors, RadioShack Corporation, Synopsys, Inc., and Time Warner Cable.

Network Appliance achieved a critical milestone in expanding and delivering its storage grid vision by shipping the latest version of its powerful enterprise storage software, Data ONTAP(TM) 7G, during the third quarter. Customers using Data ONTAP 7G and its advanced virtualization capabilities can double their storage utilization, dramatically increase I/O performance for enterprise-class applications, and significantly reduce storage management costs for multi-application environments. The two primary new features of Data ONTAP 7G that offer users compelling benefits are FlexVol(TM) and FlexClone(TM) software.

FlexVol creates dynamically virtualized, flexible data containers that eliminate performance and utilization tradeoffs and renders obsolete the notion

of storage volumes being statically tied to specific physical or logical disks. In short, FlexVol is the feature of Data ONTAP 7G that provides dynamic virtualization. FlexClone enables the near-instantaneous creation of multiple, independently writable images of FlexVol data sets, with zero storage overhead. Competitive approaches for cloning data take up the same amount of storage space as the full original data set. FlexClone represents a breakthrough innovation for database applications and modeling.

Additionally, the NetApp enterprise gFiler(TM) storage systems will now provide Fibre Channel data access and fully leverage the new enterprise storage virtualization capabilities in Data ONTAP 7G for multi-vendor storage environments. The NetApp gFiler solution has extended its storage systems support to include the HP(R) StorageWorks XP Disk Array family and the IBM(R) TotalStorage DS4000 series (formerly named "FAST"), complementing existing support for Hitachi Data Systems(R), Hitachi Limited(R), Sun(TM) StorEdge(R) 9900 Disk Array family, and IBM Enterprise Storage Server disk array systems. During the quarter, NetApp also introduced the next addition to its data management software portfolio with SnapValidator(TM). SnapValidator can now be applied across the full line of NetApp storage systems, across any protocol, supporting the Oracle(R) Databases, adding to a robust, highly reliable, and available data environment.

In the iSCSI arena, NetApp continued to drive iSCSI adoption. According to IDC, NetApp maintained a strong lead in the iSCSI SAN storage market for the third quarter of calendar year 2004 (3Q04). In its core NAS market, NetApp demonstrated continued leadership in NAS hardware for 3Q04 in both revenue and terabytes shipped. Also according to IDC, the company posted a 36.3% revenue market share, with a 13.8% increase in revenue year over year (vs. the third quarter of calendar 2003).

On the partner front, the company achieved Gold Certified status in the Microsoft Partner Program with a competency in Advanced Infrastructure Solutions recognizing NetApp expertise and total impact in the technology marketplace. NetApp also unveiled several new solution enhancements and partner offerings with Alacritus Software, Atempo, CommVault Systems, Inc., NetEx, QLogic Corporation, Red Hat Inc., Secure Computing Corporation, Sophos, and Syncsort, Inc. to address a variety of data concerns, including Internet access and security, virtual backup, data management, virus protection, data protection and recovery, iSCSI software for Linux environments and other business-critical initiatives facing enterprise customers.

In corporate news, NetApp executives, products and the overall company were honored for a variety of achievements. Chief Executive Officer Dan Warmenhoven was honored with the Ernst & Young Entrepreneur Of The Year(R) 2004 Award in the technology category for his outstanding vision, leadership, and achievement as CEO of Network Appliance. Cited for its "unrivaled" unified storage architecture and its "unmatched" flexibility, scalability, and continuity in the storage industry, the Network Appliance FAS270c was named "Best NAS Solution of the Year" in InfoWorld's 2005 Technology of the Year honors. NetApp was also honored by FORTUNE magazine as one of the "100 Best Companies to Work For" for the third consecutive year. This year, NetApp ranked at number 24, up from number 48 last year, reflecting the company's specific emphasis on attracting and retaining the best talent in the industry and continuing to demonstrate the values of what NetApp CEO Dan Warmenhoven calls a "model company." The elite and prestigious FORTUNE listing is largely determined by employee feedback.

Conference Call Information

- The NetApp quarterly results conference call will be broadcast live via the Internet at <http://investors.netapp.com/> on Tuesday, February 15, 2005, at 2:00 p.m. Pacific time. This press release and any other information related to the call will also be posted to the Web site at that location. The conference call will also be available live in a listen-only format at 800-638-5439 in the United States and 617-614-3945 outside the United States. The passcode for both numbers is 60737727.
- A replay will be available for 72 hours following completion of the live call by dialing 888-286-8010 in the United States and 617-801-6888 outside the United States, with replay code 34738667.

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.

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

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include service and product growth, leadership in emerging technologies, and all of the statements under the Outlook section. 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 enterprise service offerings, and our ability to design products and services that compete effectively from a price and performance perspective; 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.

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

(2) Pro forma results for all periods presented and the projections in the Outlook section exclude amortization of intangible assets, stock compensation, restructuring charges, net gain/loss on investments, and the related effects on income taxes, as well as an income tax benefit from a nonrecurring foreign tax ruling.

NetApp is a registered trademark and Network Appliance, Data ONTAP, FlexVol, FlexClone, gFiler, SnapValidator 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 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)

	January 28, 2005	April 30, 2004
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (1)	\$181,373	\$92,328
Short-term investments (1)	925,061	715,637
Accounts receivable, net	234,339	193,942
Inventories	38,024	34,109
Prepaid expenses and other	35,764	29,057
Deferred income taxes	34,260	24,163
	-----	-----
Total current assets	1,448,821	1,089,236
PROPERTY AND EQUIPMENT, net	405,907	370,717
GOODWILL	291,816	291,816
INTANGIBLE ASSETS, net	23,367	31,718
OTHER ASSETS	73,855	93,779
	-----	-----
	2,243,766	1,877,266
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$68,501	\$52,719
Income taxes payable	12,879	16,033
Accrued compensation and related benefits	83,261	65,186
Other accrued liabilities	55,734	43,683
Deferred revenue	228,996	166,602
	-----	-----
Total current liabilities	449,371	344,223
LONG-TERM DEFERRED REVENUE	161,340	112,337
LONG-TERM OBLIGATIONS	4,525	4,858
	-----	-----
	615,236	461,418
	-----	-----
STOCKHOLDERS' EQUITY	1,628,530	1,415,848
	-----	-----
	2,243,766	1,877,266
	=====	=====

(1) In the third quarter, the Company began to classify its investment in auction-rate securities as short term investments. These investments were included in cash and equivalents in previous periods (\$148.8 million at April 30, 2004), and such amounts have been reclassified in the accompanying interim financial statements to conform to the current period classification. This change in classification had no effect on the amounts of total current assets, total assets, net income or cash flow from operations of the Company.

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

	Quarter Ended		Nine Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
	-----	-----	-----	-----
REVENUES:				
Product revenue	\$367,903	\$268,955	\$1,029,334	\$754,273
Service revenue	44,803	28,332	116,969	79,073
	-----	-----	-----	-----
Total revenues	412,706	297,287	1,146,303	833,346
	-----	-----	-----	-----
COST OF REVENUES:				
Cost of product revenue	127,118	93,442	353,060	266,571
Cost of service revenue	33,454	23,722	94,990	65,466
	-----	-----	-----	-----
Total cost of revenues	160,572	117,164	448,050	332,037
	-----	-----	-----	-----
GROSS MARGIN	252,134	180,123	698,253	501,309
	-----	-----	-----	-----
OPERATING EXPENSES:				
Sales and marketing	118,668	85,975	331,087	247,516
Research and development	43,603	32,948	122,957	96,002
General and administrative	20,136	13,744	54,888	38,737
Stock compensation	2,189	465	6,432	2,012
Restructuring charges	(270)	-	(270)	1,110
	-----	-----	-----	-----

Total operating expenses	184,326	133,132	515,094	385,377
<hr/>				
INCOME FROM OPERATIONS	67,808	46,991	183,159	115,932
OTHER INCOME (EXPENSES), net:				
Interest income	6,031	3,862	16,216	9,737
Other expenses, net	(500)	(833)	(1,322)	(2,089)
Net gain on investments	41	217	41	362
<hr/>				
Total other income, net	5,572	3,246	14,935	8,010
<hr/>				
INCOME BEFORE INCOME TAXES	73,380	50,237	198,094	123,942
PROVISION FOR INCOME TAXES	13,253	10,085	35,776	8,304
<hr/>				
NET INCOME	\$60,127	\$40,152	\$162,318	\$115,638
<hr/>				
NET INCOME PER SHARE:				
BASIC	\$0.17	\$0.12	\$0.45	\$0.34
<hr/>				
DILUTED	\$0.16	\$0.11	\$0.43	\$0.32
<hr/>				
SHARES USED IN PER SHARE CALCULATION:				
BASIC	362,563	346,305	359,031	343,906
<hr/>				
DILUTED	385,869	366,429	377,972	363,214
<hr/>				

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

	Quarter Ended		Nine Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
<hr/>				
REVENUES:				
Product revenue	\$367,903	\$268,955	\$1,029,334	\$754,273
Service revenue	44,803	28,332	116,969	79,073
<hr/>				
Total revenues	412,706	297,287	1,146,303	833,346
<hr/>				
COST OF REVENUES:				
Cost of product revenue	126,260	93,215	350,486	263,616
Cost of service revenue	33,454	23,722	94,990	65,466
<hr/>				
Total cost of revenues	159,714	116,937	445,476	329,082
<hr/>				
GROSS MARGIN	252,992	180,350	700,827	504,264
<hr/>				
OPERATING EXPENSES:				

Sales and marketing	118,461	85,975	330,467	247,516
Research and development	43,603	32,948	122,957	96,002
General and administrative	18,868	13,744	51,083	38,737
	-----	-----	-----	-----
Total operating expenses	180,932	132,667	504,507	382,255
	-----	-----	-----	-----
INCOME FROM OPERATIONS	72,060	47,683	196,320	122,009
OTHER INCOME (EXPENSES), net	5,531	3,029	14,894	7,648
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	77,591	50,712	211,214	129,657
PROVISION FOR INCOME TAXES	14,742	10,649	40,131	27,228
	-----	-----	-----	-----
NET INCOME	\$62,849	\$40,063	\$171,083	\$102,429
	=====	=====	=====	=====
NET INCOME PER SHARE:				
BASIC	\$0.17	\$0.12	\$0.48	\$0.30
	=====	=====	=====	=====
DILUTED	\$0.16	\$0.11	\$0.45	\$0.28
	=====	=====	=====	=====
SHARES USED IN PER SHARE CALCULATION:				
BASIC	362,563	346,305	359,031	343,906
	=====	=====	=====	=====
DILUTED	385,869	366,429	377,972	363,214
	=====	=====	=====	=====

(1) Pro forma results of operations exclude amortization of intangible assets, stock compensation, restructuring charges, net gain/loss on investments 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		Nine Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
	-----	-----	-----	-----
SUMMARY RECONCILIATION OF NET INCOME				
NET INCOME	\$60,127	\$40,152	\$162,318	\$115,638
Adjustments:				
Amortization of intangible assets	2,333	227	6,999	2,955
Stock compensation	2,189	465	6,432	2,012
Restructuring charges	(270)	-	(270)	1,110
Net gain on investments	(41)	(217)	(41)	(362)
Income tax effect	(1,489)	(564)	(4,355)	(2,093)
Income tax benefit from foreign tax				

ruling	-	-	-	(16,831)
PROFORMA NET INCOME	\$62,849	\$40,063	\$171,083	\$102,429
DILUTED PRO FORMA NET INCOME PER SHARE	\$0.16	\$0.11	\$0.45	\$0.28
SHARES USED IN DILUTED PRO FORMA NET INCOME PER SHARE CALCULATION:	385,869	366,429	377,972	363,214
DETAILED RECONCILIATION OF SPECIFIC ITEMS:				
COST OF REVENUES	\$160,572	\$117,164	\$448,050	\$332,037
Adjustment:				
Amortization of intangible assets	(858)	(227)	(2,574)	(2,955)
PRO FORMA COST OF REVENUES	\$159,714	\$116,937	\$445,476	\$329,082
GROSS MARGIN	\$252,134	\$180,123	\$698,253	\$501,309
Adjustment:				
Amortization of intangible assets	858	227	2,574	2,955
PRO FORMA GROSS MARGIN	\$252,992	\$180,350	\$700,827	\$504,264
SALES AND MARKETING EXPENSES	\$118,668	\$85,975	\$331,087	\$247,516
Adjustments:				
Amortization of intangible assets	(207)	-	(620)	-
PRO FORMA SALES AND MARKETING EXPENSES	\$118,461	\$85,975	\$330,467	\$247,516
GENERAL AND ADMINISTRATIVE EXPENSES	\$20,136	\$13,744	\$54,888	\$38,737
Adjustments:				
Amortization of intangible assets	(1,268)	-	(3,805)	-
PRO FORMA GENERAL AND ADMINISTRATIVE EXPENSES	\$18,868	\$13,744	\$51,083	\$38,737
OPERATING EXPENSES	\$184,326	\$133,132	\$515,094	\$385,377
Adjustments:				
Stock compensation	(2,189)	(465)	(6,432)	(2,012)
Amortization of intangible assets	(1,475)	-	(4,425)	-
Restructuring charges	270	-	270	(1,110)
PRO FORMA OPERATING EXPENSES	\$180,932	\$132,667	\$504,507	\$382,255

INCOME FROM OPERATIONS	\$67,808	\$46,991	\$183,159	\$115,932
Adjustments:				
Amortization of intangible assets	2,333	227	6,999	2,955
Stock compensation	2,189	465	6,432	2,012
Restructuring charges	(270)	-	(270)	1,110
	-----	-----	-----	-----
PRO FORMA INCOME FROM OPERATIONS	\$72,060	\$47,683	\$196,320	\$122,009
	=====	=====	=====	=====
TOTAL OTHER INCOME (EXPENSES), NET	\$5,572	\$3,246	\$14,935	\$8,010
Adjustments:				
Net gain on investments	(41)	(217)	(41)	(362)
	-----	-----	-----	-----
PRO FORMA TOTAL OTHER INCOME (EXPENSES), NET	\$5,531	\$3,029	\$14,894	\$7,648
	=====	=====	=====	=====
INCOME BEFORE INCOME TAXES	\$73,380	\$50,237	\$198,094	\$123,942
Adjustments:				
Amortization of intangible assets	2,333	227	6,999	2,955
Stock compensation	2,189	465	6,432	2,012
Restructuring charges	(270)	0	(270)	1,110
Net gain on investments	(41)	(217)	(41)	(362)
	-----	-----	-----	-----
PRO FORMA INCOME BEFORE INCOME TAXES	\$77,591	\$50,712	\$211,214	\$129,657
	=====	=====	=====	=====
PROVISION FOR INCOME TAXES	\$13,253	\$10,085	\$35,776	\$8,304
Adjustments:				
Income tax effect	1,489	564	4,355	2,093
Income tax benefit from foreign tax ruling	-	-	-	16,831
	-----	-----	-----	-----
PRO FORMA PROVISION FOR INCOME TAXES	\$14,742	\$10,649	\$40,131	\$27,228
	=====	=====	=====	=====

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

	Nine Months Ended	
	-----	-----
	January 28, 2005	January 30, 2004
	-----	-----
Cash Flows from Operating Activities:		
Net income	\$162,318	\$115,638
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	39,761	40,016
Amortization of patents	1,352	1,052
Amortization of intangible assets	6,999	2,954
Stock compensation	6,432	2,012
Net gain on investments	(70)	(362)
Net loss on disposal of equipment	907	5

Allowance for doubtful accounts	325	(221)
Deferred income taxes	726	(16,184)
Deferred rent	228	142
Changes in assets and liabilities:		
Accounts receivable	(40,722)	(42,416)
Inventories	(12,383)	(13,170)
Prepaid expenses and other assets	446	(14,610)
Accounts payable	15,782	3,400
Income taxes payable	24,632	22,589
Accrued compensation and related benefits	18,075	14,640
Other accrued liabilities	11,621	(192)
Deferred revenue	111,397	62,424
	-----	-----
Net cash provided by operating activities	347,826	177,717
	-----	-----
Cash Flows from Investing Activities:		
Net purchases of short and long-term investments	(213,176)	(119,144)
Purchases of property and equipment	(66,294)	(35,609)
Proceeds from disposal of property and equipment	-	105
Proceeds from sales of investments	347	636
Purchase of patents	-	(9,015)
Purchases of equity securities	(125)	(325)
	-----	-----
Net cash used in investing activities	(279,248)	(163,352)
	-----	-----
Cash Flows from Financing Activities:		
Proceeds from sale of common stock related to employee stock transactions	153,460	71,213
Repurchases of common stock	(132,993)	(44,862)
	-----	-----
Net cash provided by financing activities	20,467	26,351
	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents	89,045	40,716
Cash and Cash Equivalents:		
Beginning of period	92,328	91,866
	-----	-----
End of period	\$181,373	\$132,582
	=====	=====
Noncash Investing and Financing Activities:		
Deferred stock compensation, net of reversals	\$512	\$2,387
Conversion of evaluation inventory to fixed assets	\$8,468	\$6,025
Income tax benefit from employee stock transactions	\$27,786	\$48,003
Supplemental cash flow information:		
Income taxes paid	\$11,975	\$9,280
Income taxes refund	\$10,588	\$10,361

NETWORK APPLIANCE, INC.
RECONCILIATION OF NON GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
Q4 OF FISCAL YEAR 2005
(Unaudited)

Projected Fourth Quarter Revenue Growth Range	Projected Annual FY05 Revenue Growth Range
-----	-----
6%	35%
9%	36%
-----	-----

ADJUSTMENTS OF SPECIFIC ITEMS TO
EARNINGS PER SHARE FOR Q4 OF
FISCAL YEAR 2005 (\$) :

COST OF REVENUES
Adjustment:

Amortization of intangible assets	(0.0022)	(0.0022)	(0.0090)	(0.0090)
OPERATING EXPENSES				
Adjustments:				
Stock compensation	(0.0054)	(0.0054)	(0.0216)	(0.0216)
Amortization of intangible assets	(0.0038)	(0.0038)	(0.0155)	(0.0155)
Restructuring charges	-	-	-	-
TOTAL OTHER INCOME (EXPENSES), NET				
Adjustments:				
Net (gain)/loss on investments	-	-	-	-
PROVISION FOR INCOME TAXES				
Adjustments:				
Income tax effect	0.0040	0.0042	0.0158	0.0160
Income tax benefit from foreign tax ruling	-	-	-	-
NET DECREASE IN EARNINGS PER SHARE	(0.0075)	(0.0073)	(0.0304)	(0.0302)

CONTACT: Network Appliance, Inc.
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