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2002

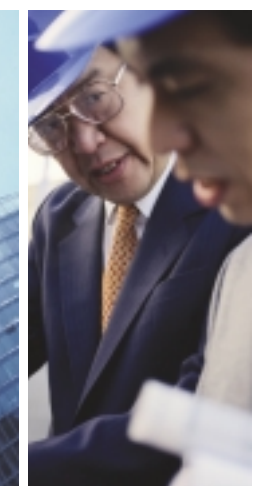
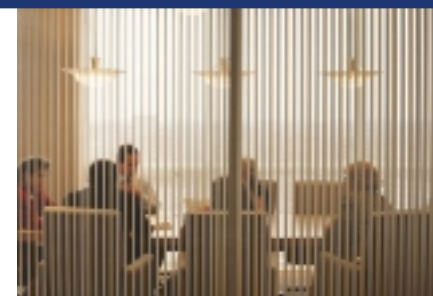
Annual Report

NETWORK APPLIANCE, INC.

Network Appliance, Inc.
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Sunnyvale, CA 94089

Network Appliance
Federal Systems, Inc.
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McLean, VA 22012

Network Appliance BV
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2132 LR Hoofddorp
The Netherlands



Ten Years Ago,

Network Appliance was founded with a vision to provide a simple solution to a complex business problem—fast, simple, and reliable data access. Today, we are an industry leader and one of the top storage companies in the world. Our goal is to provide our customers with simple, innovative solutions that meet the wide range of requirements from their corporate data centers to their extended enterprises.

Throughout our history, we have proven our ability to provide innovative and cost-effective solutions to meet the business needs of our customers. Fiscal year 2002 was no exception. This year we introduced more products and technology than in any previous year, and enhanced every software product in our portfolio. The hard work and dedication of the NetApp® team resulted in the latest release of our core software, Data ONTAP™, being the most robust and reliable software release in our history. The products we delivered this year significantly enhance our solutions for data management; data backup, recovery, and protection; data availability, business continuance, and disaster recovery; and Web content storage, distribution, and access.

Continuing our history of innovation, we introduced three new technologies. The first is a new product category called NearStore™, providing an extremely cost-effective solution that is a fully protected, disk-based complement to traditional online storage and tape architectures for backup, archiving, and storage of massive amounts of data. The second is a new solution for high-performance database application acceleration called Direct Access File System (DAFS). And third, we introduced our first storage area network (SAN) products to complement our industry-leading network-attached storage (NAS) products. Today, customers must choose between different network storage architectures to support the varying data access requirements of their applications. By integrating these two data access methods into a single common operating environment, Network Appliance offers customers the flexibility to build a storage infrastructure that provides their applications with the data access they require and makes the most of their information technology investments.

In addition to engineering and innovation, we focused our marketing efforts on strengthening our partnerships and developing vertical industry expertise. Our partnerships and the resulting solutions with other industry leaders such as Accenture, Computer Associates, EDS, Fujitsu-Siemens, IBM, Microsoft, Oracle, Rational, SAP, and Veritas reduce the costs, time, and effort required for deployment by seamlessly integrating our solutions into our customers' existing computing environments.

Our focus on vertical industries has greatly increased our penetration into new markets and allowed us to diversify our customer mix across several targeted markets. At the time of this writing, 10 of the top 10 Fortune Global 500 companies are NetApp customers in the telecommunications, major manufacturing, financial services, and high-technology industries. In addition, 9 of the top 10 life sciences companies and 8 of the top 10 energy companies are NetApp customers.

Completing the picture are customer service and support. During the past year we focused on extending and enhancing our support offerings to provide our customers with continuous support around the globe. As evidence of our commitment to the highest-quality service and support, all four of our Global Support Centers have received the Support Center Practices (SCP) certification, which is an internationally recognized standard created by the independent Service & Support Professionals Association (SSPA) as a recognized quality certification for support centers. In addition, we recently completed our biannual customer satisfaction survey with Burke Customer Satisfaction Associates, in which we ranked in the top 1% of companies in the computer hardware and services industries as surveyed by Burke. We are very proud of our results, which reflect our commitment and dedication to customers around the world.

Fiscal 2002 was a challenging year in a difficult environment. We would like to thank our 2,300 employees around the world for their commitment, enthusiasm, and creativity during this past year. And, as always, we thank our stockholders, customers, and partners for their continued support.

As we look toward the future, we will continue to provide unparalleled value through simple and innovative solutions for the changing and complex business problems facing our customers. NetApp's innovation has revolutionized the storage industry and the way businesses access, store, and manage their information. Our first ten years have been extremely exciting and rewarding. We look forward to our next decade.

Sincerely,

Daniel Warmenhoven
Chief Executive Officer
Network Appliance, Inc.

Thomas Mendoza
President
Network Appliance, Inc.

Network Appliance Proves Simpler Is Better

A decade ago, Network Appliance pioneered a new concept of data and information storage—the network appliance. Today, we have over 35,000 systems installed in more than 90 countries around the world.

Information moves business, drives transactions, facilitates customer interactions, and creates competitive advantage. With NetApp solutions, the employees, partners and customers of our enterprise clients can get the most up-to-the-minute information to do their jobs, make decisions, and drive revenues.

Whether it's business intelligence, software development, seismic analysis, image processing, collaboration, document management or web services, NetApp solutions accelerate the performance of business-critical applications and increase productivity throughout the enterprise.

With fast, trouble-free deployment, NetApp solutions require far less IT administration and allow Network Appliance clients to leverage existing server and network infrastructure investments. NetApp's open, industry-standard storage products support heterogeneous storage networking environments, providing the ultimate control to scale storage capacity when and where it's needed.

NetApp solutions directly address the major information technology challenges that enterprises face around the world—storage consolidation, data center operations, business continuance, and the globally distributed enterprise.



storage consolidation

Managing the explosive growth of data is a monumental challenge. How you store data and make it available have become strategic advantages for industry-leading enterprises.

The Network Appliance approach lets you consolidate storage from hundreds or thousands of servers using simple, powerful tools that help you manage storage efficiently in a mixed networking environment.

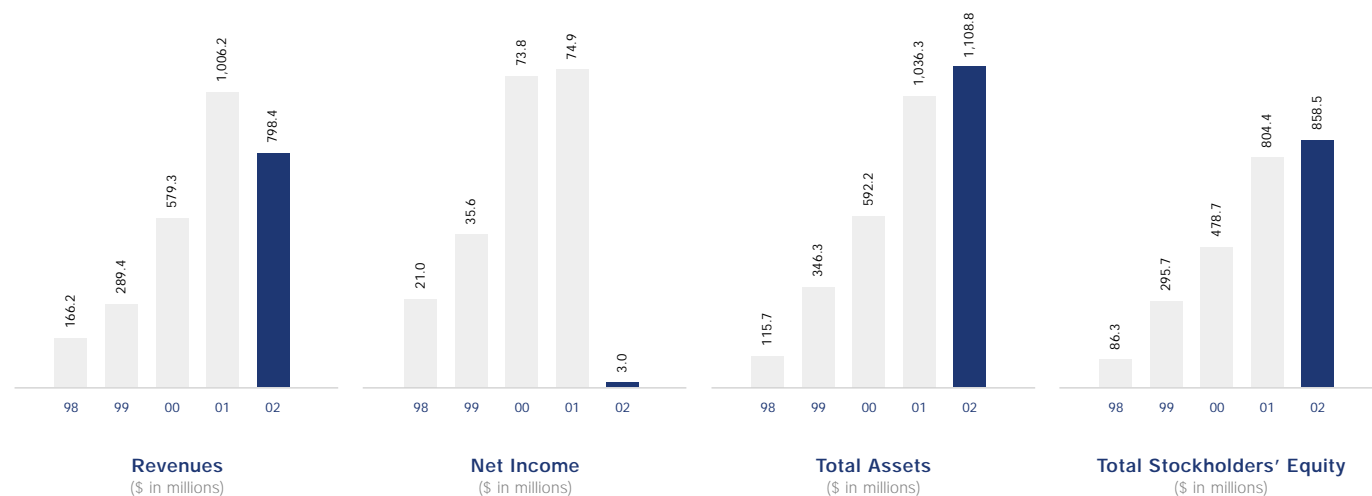
NetApp solutions give you rock-solid reliability, delivering proven, industry-leading data availability. This equates to mere minutes of unplanned downtime a year—not hours or days.

data center operations

More than just applications and hardware, your data center is the heart of your business, controlling the flow of information throughout your enterprise.

Network Appliance storage solutions provide simple, fast, centrally managed data protection and optimize the performance of your existing storage resources, allowing you to perform complex tasks quickly. Tedious jobs such as reallocating storage space and backing up terabytes of data take just a few minutes.

Five Fiscal Years Ended April 30th	2002	2001	2000	1999	1998
<small>(in thousands, except per Share amounts)</small>					
Revenues	\$ 798,369	\$1,006,186	\$579,300	\$289,420	\$166,163
Income/(Loss) From Operations (1)	(1,062)	109,657	105,368	55,126	32,658
Net Income (2)	3,033	74,886	73,792	35,613	20,965
Net Income per Share, Basic (2)	0.01	0.23	0.25	0.13	0.08
Net Income per Share, Diluted (2)	0.01	0.21	0.21	0.11	0.07
Total Assets	1,108,806	1,036,252	592,233	346,347	115,736
Long-Term Deferred Revenue and Other	34,770	13,031	333	93	163
Total Stockholders' Equity	858,476	804,448	478,746	295,724	86,265



business continuance

Now more than ever, your enterprise must focus on disaster preparedness and recovery. Minutes of downtime are costly. Hours of downtime can be catastrophic.

Working in concert with your existing network infrastructure, Network Appliance storage solutions give you comprehensive disaster readiness. You can implement remote site mirroring and disaster recovery plans quickly and effectively, without added administration costs.

distributed enterprise

As your enterprise grows, it becomes increasingly difficult to provide timely information to your remote locations and branch offices, jeopardizing their productivity.

NetApp storage solutions can quickly replicate and relay information to one or many locations, providing them the data, application performance, and online training they need to stay as current as your headquarters.

(1) Fiscal 2002 includes restructuring charges of \$12,226, impairment loss on investments of \$13,008, amortization of intangible assets and stock compensation charge of \$26,507 related to the Orca Systems and WebManage Technologies acquisitions. Fiscal 2001 includes in-process research and development, amortization of intangible assets and stock compensation charge of \$42,669 related to the Orca Systems and WebManage Technologies acquisitions. (2) Fiscal 2002 includes restructuring charges of \$7,436 (net of taxes of \$4,790), impairment loss on investments of \$7,805 (net of taxes of \$5,203) and amortization of intangible assets and stock compensation of \$15,904 (net of taxes of \$10,603) related to the Orca Systems and WebManage Technologies acquisitions. Fiscal 2001 includes in-process research and development, amortization of intangible assets and stock compensation of \$40,399 (net of taxes of \$2,270) related to the Orca Systems and WebManage Technologies acquisitions.

Network Appliance, Inc.

progress and milestones

1992
Network Appliance
Founded

1993
Industry First
Network Storage
Appliance

1995
Initial Public Offering

1996
Industry First
Multiprotocol
Storage Appliance

1997
Industry First Network
Storage Appliance
Certified for Oracle

1998
Industry First Content
Delivery Appliance

1999
Added to NASDAQ-
100 and S&P 500

2000
Co-Founded DAFS
Collaborative

2001
First Block-Based
Network Storage
Products

2002
Industry First Nearline
Storage Appliance



Our drive to simplify enterprise storage has allowed us to provide storage solutions that are unmatched in their scalability, manageability, simplicity, reliability, and value. Network Appliance offers 70% to 80% lower total cost of ownership than competitive storage solutions, vastly improving clients' return on investment.*

*Source: INPUT, Database Storage Solutions, Total Cost of Ownership Analysis for Database Storage Solutions, December 2001.

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Executive Staff

Directors

donald valentine
Chairman
Founder
Sequoia Capital

sanjiv ahuja
Chief Executive Officer
Comstellar Technologies, Inc.

carol bartz
Chairman and
Chief Executive Officer
Autodesk, Inc.

michael hallman
President
The Hallman Group

nicholas moore
Chairman (retired)
PricewaterhouseCoopers

dr. sachio semmoto
Chairman and
Chief Executive Officer
eAccess Ltd.

robert wall
President
On Point Developments, LLC

daniel warmenhoven
Chief Executive Officer
Network Appliance, Inc.

Corporate Officers and Founders

daniel warmenhoven
Chief Executive Officer

thomas mendoza
President

jeffrey allen
Executive Vice President
Finance and Operations
and Chief Financial Officer

andrew kryder
Vice President
Legal and Tax
General Counsel
and Secretary

david hitz
Founder and
Executive Vice President
Engineering

james lau
Founder and Executive
Vice President and
Chief Strategy Officer

Senior Vice Presidents

mark jon bluth
Senior Vice President
Operations

christabel carlton
Senior Vice President
People and Places

edward deenihan
Senior Vice President
Worldwide Sales

steven kleiman
Senior Vice President
Chief Technology Officer

patrick linehan
Senior Vice President
Worldwide Customer
Satisfaction

christopher liotta
Senior Vice President
and General Manager
CDBU

mark santora
Senior Vice President
Worldwide Marketing

Vice Presidents

robert albanese
Vice President
Eastern Area Sales

william battle
Vice President
Worldwide Sales
Operations

george bennett
Vice President
Central Area Sales

thomas bryant
Vice President
Workplace Resources

derrick burns
Vice President
Software Engineering

richard clifton
Vice President
SAN/iSAN Business Unit

diptish datta
Vice President
Customer Satisfaction

elaine hamilton
Vice President
Human Resources

ian henderson
Vice President
European Sales

kenneth hibbard
Vice President
Product Development
and East Coast Operations

scot klimke
Vice President
IT and Chief
Information Officer

andreas koenig
Vice President
Central Europe Sales

gerald lopatin
Vice President
Platform and Storage

leslie paulides
Vice President
Finance and
Corporate Controller

robert salmon
Vice President
North American Sales

alister skinner
Vice President
Worldwide Customer
Satisfaction

whitney tomlin
Vice President
Western Area Sales

raymond villeneuve
Vice President
Marketing

andrew watson
Vice President
Strategic Technology

phillip williams
Vice President
Marketing
Business Development
and Strategic Alliances

ali zadeh
Vice President
Intercontinental Sales

Independent Auditors

Deloitte & Touche, LLP
San Jose, California

Transfer Agent and Registrar

Computershare Investor Services, LLC
Chicago, Illinois

Annual Meeting

The Annual Meeting of Stockholders will be held at 3:00 p.m. Pacific Time on Thursday, August 29, 2002, at the company's headquarters located at 495 East Java Drive, Sunnyvale, California.

Investor Relations

Network Appliance, Inc., welcomes inquiries from stockholders and other interested investors.

To obtain a copy of the company's quarterly financial results and other corporate information, please direct your request to our Web site at: **investors.netapp.com**

or send an e-mail to: **investor_relations@netapp.com**.

You may also contact us by phone at: **800-445-2234 (U.S.)**
or **408-822-7098**

or by writing to:
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94089

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