

MENDOZA THOMAS F
Form 4
March 20, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MENDOZA THOMAS F

2. Issuer Name and Ticker or Trading Symbol
NETWORK APPLIANCE INC
[NTAP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
495 EAST JAVA DRIVE
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
03/17/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
President

SUNNYVALE, CA 94089

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|-----------|---|
| | | | Code | V | Amount | (A) or (D) | Price | | |
| Common Stock | 03/17/2006 | | M | | 4,962 | A | \$ 20.16 | 1,233,840 | D |
| Common Stock | 03/17/2006 | | M | | 67,159 | A | \$ 20.16 | 1,300,999 | D |
| Common Stock | 03/17/2006 | | M | | 2,881 | A | \$ 20.16 | 1,303,880 | D |
| Common Stock | 03/17/2006 | | M | | 6,527 | A | \$ 15.32 | 1,310,407 | D |
| Common Stock | 03/17/2006 | | M | | 51,807 | A | \$ 15.32 | 1,362,214 | D |

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| | | | | | | | | |
|--------------|------------|---|---------|---|----------------------|-----------|---|-----------|
| Common Stock | 03/17/2006 | M | 51,000 | A | \$ 15.32 | 1,413,214 | D | |
| Common Stock | 03/17/2006 | M | 26,042 | A | \$ 9.99 | 1,439,256 | D | |
| Common Stock | 03/17/2006 | M | 53,125 | A | \$ 15.711 | 1,492,381 | D | |
| Common Stock | 03/17/2006 | S | 335,000 | D | \$ 35.1085 (1) | 1,157,381 | D | |
| Common Stock | 03/20/2006 | S | 25,167 | D | \$ 35.1202 (2) | 1,132,214 | D | |
| Common Stock | | | | | | 207,931 | I | by Spouse |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Incentive Stock Option (right to buy) | \$ 15.32 | 03/17/2006 | | M | 6,527 | (3) 02/06/2012 | Common Stock | 6,527 | |
| Incentive Stock Option (right to buy) | \$ 20.16 | 03/17/2006 | | M | 4,962 | (3) 04/25/2011 | Common Stock | 4,962 | |
| Non-Qualified Stock Option (right to buy) | \$ 9.99 | 03/17/2006 | | M | 26,042 | (4) 10/31/2012 | Common Stock | 26,042 | |
| Non-Qualified Stock Option | \$ 15.32 | 03/17/2006 | | M | 51,807 | (3) 02/06/2012 | Common Stock | 51,807 | |

(right to buy)

| | | | | | | | | |
|---|-----------|------------|---|--------|------------|------------|-----------------|--------|
| Non-Qualified Stock Option (right to buy) | \$ 15.32 | 03/17/2006 | M | 51,000 | <u>(5)</u> | 02/06/2012 | Common Stock | 51,000 |
| Non-Qualified Stock Option (right to buy) | \$ 15.711 | 03/17/2006 | M | 53,125 | <u>(4)</u> | 05/08/2013 | Common Stock | 53,125 |
| Non-Qualified Stock Option (right to buy) | \$ 20.16 | 03/17/2006 | M | 67,159 | <u>(3)</u> | 04/25/2011 | Common Stock | 67,159 |
| Non-Qualified Stock Option (right to buy) | \$ 20.16 | 03/17/2006 | M | 2,881 | <u>(3)</u> | 04/25/2011 | Common Stock | 2,881 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------|-------|
| | Director | 10% Owner | Officer | Other |
| MENDOZA THOMAS F 495 EAST JAVA DRIVE SUNNYVALE, CA 94089 | | | President | |

Signatures

By: Janice Mahoney by Power of Attorney For: Thomas F.
Mendoza

03/20/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) The sale prices for the reported transaction were in a range of \$35.06 to \$35.1741 per share.
- (2) The sale prices for the reported transaction were in a range of \$35.06 to \$35.20 per share.
- (3) Option vests with respect to 25% of the option shares on the first anniversary of the grant date and the balance in a series of equal monthly installments over the next 36 months of service thereafter.
- (4) Option vests in a series of equal monthly installments over 48 months of service beginning with the one-month anniversary of the grant date.

Option vests with respect to 20% of the shares in equal monthly installments over the 12 months of service measured from the first anniversary of the option date; 30% of the shares in equal monthly installments over the following 12 months of service; and 50% of the shares in equal monthly installments over the final 12 months of service.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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