

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): August 22, 2017

Pure Storage, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware

001-37570

27-1069557

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer Identification No.)

**650 Castro Street, Suite 400
Mountain View, California 94041
(Address of Principal Executive Offices)**

**(800) 379-7873
(Registrant's Telephone Number, Including Area Code)**

**Not Applicable
(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 24, 2017, Pure Storage, Inc. ("Pure Storage") issued a press release regarding its financial results for the quarter ended July 31, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K. Pure Storage issued a blog post in connection with the press release, the full text of which is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated under this Item 2.02 by reference.

This information, including the exhibits hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Pure Storage is making reference to non-GAAP financial information in the press release, the blog and the conference call. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release. These non-GAAP financial measures are reported in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b)

On August 22, 2017, Scott Dietzen resigned from his position as Pure Storage's Chief Executive Officer. Mr. Dietzen will continue to serve as Chairman of the Board of Directors (the "Board"), replacing the current co-Chairmen of the Board, John Colgrove and Michael Speiser.

(c)

On August 22, 2017, the Board appointed Charles H. Giancarlo, age 59, as Pure Storage's Chief Executive Officer effective as of August 22, 2017. In connection with Mr. Giancarlo's appointment, the Board also expanded the size of the Board from eight (8) to nine (9) members and appointed Mr. Giancarlo to serve as a Class I director, effective as of August 22, 2017. Mr. Giancarlo's term as a member of the Board will expire at the meeting of stockholders to be held in 2019. Mr. Giancarlo will not serve on any committees of the Board.

Mr. Giancarlo previously served as Managing Director, Head of Value Creation and later Senior Advisor at Silver Lake Partners, a private investment firm, from 2007 to 2015, where he focused on business improvement and investment opportunities across strategic and operational initiatives for Silver Lake's portfolio companies. From 2008 to 2009, Mr. Giancarlo served as Interim President and CEO of Avaya. Prior to that, from 1993 to 2007, Mr. Giancarlo served in senior executive roles at Cisco Systems, including Chief Technology Officer and Chief Development Officer. Mr. Giancarlo currently serves on the boards of directors of Accenture plc, Arista Networks, Inc, Avaya, Inc., Imperva, Inc., ServiceNow, Inc. and various private companies. Mr. Giancarlo previously served on the board of directors of Tintri, Inc. Mr. Giancarlo received a Bachelor of Science in Engineering from Brown University, a Master of Science in Electrical Engineering from the University of California, Berkeley, and a Master of Business Administration from Harvard Business School. Mr. Giancarlo's qualifications for board service include his extensive executive leadership and operational experience, as well as his relevant industry knowledge.

Mr. Giancarlo is not a party to any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

In connection with his appointment, Pure Storage and Mr. Giancarlo entered into an Employment Agreement dated August 22, 2017 (the "Employment Agreement"). Under the Employment Agreement, Mr. Giancarlo will receive an initial annual base salary of \$500,000. In addition, Mr. Giancarlo will be eligible for an annual performance-based cash bonus, with a target amount equal to 100% of his base salary, based on performance measures set and being satisfied, as determined by the Compensation Committee of the Board.

Pursuant to the Employment Agreement, we granted Mr. Giancarlo the following equity awards under Pure Storage's 2015 Equity Incentive Plan:

- two restricted stock unit awards to acquire up to an aggregate of 1,161,861 shares of Pure Storage's Class A common stock (the "RSU") comprised of (i) an RSU for 464,745 shares (the "Time-Based RSU Award"), which will vest and settle as to 25% of the Time-Based RSU Award in September 2018, with the remaining Time-Based RSU Award to vest in equal quarterly installments over the subsequent 12 quarters, subject to Mr. Giancarlo's continuous service and (ii) an RSU for up to a maximum of 697,116 shares (the "Performance RSU Award"), which will vest and settle on the achievement of certain performance metrics during Pure
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Storage's 2019 fiscal year, to be established and determined by the Compensation Committee (the "Performance Metrics"). One third of the Performance RSU Award will be earned upon achievement of 80% of the Performance Metrics, and additional amounts will be earned on a proportional basis up to 120% achievement of the Performance Metrics. Once earned, the Performance RSU Award will be subject to time-based vesting over a three-year period with one-third vesting as of December 20, 2018 and the remainder vesting quarterly over the following eight quarters on the 20th day of the second month of each fiscal quarter thereafter, subject to Mr. Giancarlo's continuous service.

- two stock option awards each to purchase 500,000 shares of Pure Storage's Class A common stock shares (each an "Option"), with each Option vesting over a four-year period based on Mr. Giancarlo's continuous service, with twenty-five percent (25%) of the Option shares vesting on the one-year anniversary of Mr. Giancarlo's employment start date, and the remaining Option shares vesting equally over the following thirty-six (36) months of continuous service. The first Option has an exercise price equal to \$17.00 per share, and the second Option has an exercise price equal to \$12.84 per share, the closing price of Pure Storage's Class A common stock on the New York Stock Exchange on August 22, 2017.

If Mr. Giancarlo is terminated without Cause (as defined in the Employment Agreement) or Mr. Giancarlo resigns for Good Reason (as defined in the Employment Agreement) during the period beginning three (3) months prior to a Change in Control (as defined in the Employment Agreement) and ending twelve (12) months following the closing of such Change in Control, then the RSU and each Option will accelerate in full. Receipt of severance benefits is conditioned on execution by Mr. Giancarlo of a release of claims in Pure Storage's favor. In addition, upon Mr. Giancarlo's death or Disability (as defined in the Employment Agreement) during the first year of Mr. Giancarlo's employment, any equity awards that are subject to time-based vesting (and in the case of the Performance RSU Award and other performance-based equity awards the performance metrics have been met) will have the time-based equity awards accelerated by twelve (12) months.

Mr. Giancarlo will not receive separate compensation for his service as a director. Except for his employment arrangement with Pure Storage, there is no arrangement or understanding between Mr. Giancarlo and any other person pursuant to which Mr. Giancarlo was selected as a director. In connection with his appointment as the Chief Executive Officer, Mr. Giancarlo will execute the Company's standard form of indemnity agreement for officers.

The foregoing description is qualified in its entirety by reference to the Employment Agreement, which will be filed as an exhibit to Pure Storage's Quarterly Report on Form 10-Q for the period ending October 31, 2017.

- (d) The information set forth above under 5.02(c) is hereby incorporated by reference into this Item 5.02(d).
- (e) The information set forth above under 5.02(c) is hereby incorporated by reference into this Item 5.02(e).

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished herewith:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release entitled "Pure Storage Announces Second Quarter Fiscal 2018 Financial Results"
99.2	Blog Post entitled "Introducing Hat's Highlights: Delivering the Data Platform for the Cloud Era Drives a Strong Q2 for Pure"
	"

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pure Storage, Inc.
(Registrant)

By: /s/ TIMOTHY RIITERS
Timothy Riitters
Chief Financial Officer

August 24, 2017

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release entitled "Pure Storage Announces Second Quarter Fiscal 2018 Financial Results"
99.2	Blog Post entitled "Introducing Hat's Highlights: Delivering the Data Platform for the Cloud Era Drives a Strong Q2 for Pure"

Pure Storage Announces Second Quarter Fiscal 2018 Financial Results

MOUNTAIN VIEW, Calif., August 24, 2017 – Pure Storage (NYSE: PSTG) today announced financial results for its second quarter ended July 31, 2017 .

Key quarterly business and financial highlights include:

- Quarterly revenue: \$224.5 million , up 38% Y/Y, 3% ahead of midpoint of guidance
- Quarterly gross margin: 65.9% GAAP; 67.1% non-GAAP
- Quarterly operating margin: -28.6 % GAAP; -11.8 % non-GAAP, up 7.8 ppts and 7.5 ppts Y/Y, respectively
- Raising full-year fiscal 2018 revenue guidance to between \$985 million and \$1.025 billion and non-GAAP operating margin guidance to between -7% and -3%

“Pure continues to deliver the absolute best data platform for the cloud era,” said Pure Storage CEO Scott Dietzen. “We’re succeeding at our core mission: helping organizations get more value from their data through a radical increase in performance and radical reduction in complexity and total cost of ownership.”

“Our Q2 results highlight solid topline growth and continued improvement in operating leverage,” said Pure Storage CFO Tim Riitters. “We are laser focused on executing against our plan to achieve \$1B+ in revenue this year and marching steadily to profitability in the near future.”

In the quarter, more than 350 new customers joined Pure Storage, increasing the total to more than 3,700 organizations, including more than 25% of the Fortune 500. New customer wins in the quarter include: Airbus, COCC, Delta Dental of Michigan, Ford Otomotiv Turkey, Man AHL, Mentor, NASA’s Kennedy Space Center, ServiceNow, SSI, and Zenuity.

Second Quarter Fiscal 2018 Financial Highlights

The following tables summarize our consolidated financial results for the fiscal quarters ended July 31, 2017 and 2016 (in millions except per share amounts, unaudited):

GAAP Quarterly Financial Information			
	Three Months Ended July 31, 2017	Three Months Ended July 31, 2016	Y/Y Change
Revenue	\$224.5	\$163.2	38%
Gross Margin	65.9%	65.2%	0.7 ppts
Product Gross Margin	67.3%	67.3%	0.0 ppts
Support Gross Margin	61.2%	56.6%	4.6 ppts
Operating Loss	-\$64.1	-\$59.5	-\$4.6
Operating Margin	-28.6%	-36.4%	7.8 ppts
Net Loss	-\$61.7	-\$59.6	-\$2.1
Net Loss per Share	-\$0.29	-\$0.31	\$0.02
Weighted-Average Shares (Basic and Diluted)	209.2	192.7	N/A

Non-GAAP Quarterly Financial Information			
	Three Months Ended July 31, 2017	Three Months Ended July 31, 2016	Y/Y Change
Gross Margin	67.1%	66.3%	0.8 ppts
Product Gross Margin	67.5%	67.4%	0.1 ppts
Support Gross Margin	65.9%	62.0%	3.9 ppts
Operating Loss	-\$26.4	-\$31.4	\$5.0
Operating Margin	-11.8%	-19.3%	7.5 ppts
Net Loss	-\$24.0	-\$31.5	\$7.5
Net Loss per Share	-\$0.11	-\$0.16	\$0.05

A reconciliation between GAAP and non-GAAP information is provided at the end of this release.

Financial Outlook

Pure Storage's third quarter fiscal 2018 guidance is as follows:

- Revenue in the range of \$267 million to \$275 million
- Non-GAAP gross margin in the range of 63.5% to 66.5%
- Non-GAAP operating margin in the range of -5% to -1%

Pure Storage's full year fiscal 2018 guidance is as follows:

- Revenue in the range of \$985 million to \$1.025 billion
- Non-GAAP gross margin in the range of 63.5% to 66.5%
- Non-GAAP operating margin in the range of -7% to -3%

All forward-looking non-GAAP financial measures contained in this section titled "Financial Outlook" exclude stock-based compensation expense, payroll tax expense related to stock-based activities and, as applicable, other special items. We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because such items that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

Conference Call Information

Pure Storage will host a teleconference to discuss the second quarter fiscal 2018 results at 2:00 p.m. (PT) on August 24, 2017. Pure Storage will post its supplemental earnings presentation to the investor relations website at investor.purestorage.com following the conference call.

Teleconference details are as follows:

- To Listen via Telephone: 877-201-0168 or 647-788-4901 (for international callers).
- To Listen via the Internet: A live and replay audio broadcast of the conference call with corresponding slides will be available at investor.purestorage.com.
- Replay: A telephone playback of this conference call is scheduled to be available two hours after the call ends on Thursday August 24, 2017, through September 7, 2017. The replay will be accessible by calling 800-585-8367 or 416-621-4642 (for international callers), with conference ID 53427026. The call runs 24 hours per day, including weekends.

President Commentary

Pure Storage has posted a blog from its President discussing second quarter fiscal 2018 results at investor.purestorage.com and blog.purestorage.com.

About Pure Storage

Pure Storage (NYSE:PSTG) helps companies push the boundaries of what's possible. Pure's end-to-end data platform - including FlashArray, FlashBlade and our converged offering with Cisco, FlashStack - is powered by innovative software that's cloud-connected for management from anywhere on a mobile device and supported by the Evergreen business model. The Company's all-flash based technology, combined with its customer-friendly business model, drives business and IT transformation with solutions that are effortless, efficient and evergreen. With Pure's industry leading Satmetrix-certified NPS score of 83.7, Pure customers are some of the happiest in the world, and include organizations of all sizes, across an ever-expanding range of industries.

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Pure Storage, Evergreen, FlashBlade, FlashStack and the "P" Logo mark are trademarks of Pure Storage, Inc. All other trademarks or names referenced in this document are the property of their respective owners.

Forward Looking Statements

This press release contains forward-looking statements regarding our products, business and operations, including our expectations regarding technology differentiation, our current and future opportunities and ability to execute for continued growth and industry leadership, and our outlook for the third quarter and full year fiscal 2018 and statements regarding our products, business, operations and results, including progress toward profitability. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the captions "Risk Factors" and elsewhere in our filings and reports with the U.S. Securities and Exchange Commission, including, which are available on our investor relations website at investor.purestorage.com and on the SEC website at www.sec.gov. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended July 31, 2017. All information provided in this release and in the attachments is as of August 24, 2017, and we undertake no duty to update this information unless required by law.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP operating margin, non-GAAP net loss, non-GAAP net loss per share, free cash flow, and free cash flow as a percentage of revenue. In computing these non-GAAP financial measures, we exclude the effects of stock-based compensation expense and payroll tax expense related to stock-based activities. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of our ongoing core business operating results. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when analyzing historical performance and liquidity and planning, forecasting, and analyzing future periods. The presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables captioned "Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures" and "Reconciliation from net cash used in operating activities to free cash flow," included at the end of this release.

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PURE STORAGE, INC.
Condensed Consolidated Balance Sheets
(in thousands)

	As of July 31, 2017	As of January 31, 2017
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 171,894	\$ 183,675
Marketable securities	351,123	362,986
Accounts receivable, net of allowance of \$2,020 and \$2,000	168,404	168,978
Inventory	33,660	23,498
Deferred commissions, current	19,700	15,787
Prepaid expenses and other current assets	24,494	25,157
Total current assets	769,275	780,081
Property and equipment, net	81,850	81,695
Intangible assets, net	5,808	6,560
Deferred income taxes, non-current	877	844
Other assets, non-current	32,322	30,565
Total assets	\$ 890,132	\$ 899,745
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 52,092	\$ 52,719
Accrued compensation and benefits	42,537	39,252
Accrued expenses and other liabilities	18,309	21,697
Deferred revenue, current	169,638	158,095
Liability related to early exercised stock options	816	1,362
Total current liabilities	283,392	273,125
Deferred revenue, non-current	157,961	145,031
Other liabilities, non-current	3,373	3,159
Total liabilities	444,726	421,315
Stockholders' equity:		
Common stock and additional paid-in capital	1,372,241	1,281,472
Accumulated other comprehensive loss	(280)	(562)
Accumulated deficit	(926,555)	(802,480)
Total stockholders' equity	445,406	478,430
Total liabilities and stockholders' equity	\$ 890,132	\$ 899,745

PURE STORAGE, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2017	2016	2017	2016
	(unaudited)			
Revenue:				
Product	\$ 175,013	\$ 130,920	\$ 313,438	\$ 242,658
Support	49,448	32,294	93,654	60,503
Total revenue	224,461	163,214	407,092	303,161
Cost of revenue:				
Product ⁽¹⁾	57,252	42,847	103,897	76,893
Support ⁽¹⁾	19,199	14,000	36,102	26,934
Total cost of revenue	76,451	56,847	139,999	103,827
Gross profit	148,010	106,367	267,093	199,334
Operating expenses:				
Research and development ⁽¹⁾	69,361	58,635	134,789	111,573
Sales and marketing ⁽¹⁾	120,633	87,583	217,597	170,681
General and administrative ⁽¹⁾	22,162	19,630	42,258	41,211
Total operating expenses	212,156	165,848	394,644	323,465
Loss from operations	(64,146)	(59,481)	(127,551)	(124,131)
Other income, net	3,266	37	5,261	1,319
Loss before provision for income taxes	(60,880)	(59,444)	(122,290)	(122,812)
Provision for income taxes	821	106	1,785	526
Net loss	\$ (61,701)	\$ (59,550)	\$ (124,075)	\$ (123,338)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.29)	\$ (0.31)	\$ (0.60)	\$ (0.65)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	209,193	192,730	207,515	191,026

(1) Includes stock-based compensation expense as follows:

Cost of revenue -- product	\$ 358	\$ 181	\$ 755	\$ 287
Cost of revenue -- support	2,245	1,712	4,019	2,804
Research and development	17,971	13,976	33,559	25,634
Sales and marketing	11,439	8,732	22,065	16,251
General and administrative	4,825	3,295	8,659	5,918
Total stock-based compensation expense	\$ 36,838	\$ 27,896	\$ 69,057	\$ 50,894

PURE STORAGE, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2017	2016	2017	2016
	(unaudited)			
Cash flows from operating activities				
Net loss	\$ (61,701)	\$ (59,550)	\$ (124,075)	\$ (123,338)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	15,175	11,904	30,000	22,336
Stock-based compensation expense	36,838	27,896	69,057	50,894
Other	346	312	797	494
Changes in operating assets and liabilities:				
Accounts receivable, net	(36,546)	(22,004)	25	6,589
Inventory	5,618	231	(10,487)	(2,392)
Deferred commissions	(4,245)	(2,254)	(4,607)	1,887
Prepaid expenses and other assets	3,758	1,935	(186)	(809)
Accounts payable	4,183	(10,173)	201	(10,007)
Accrued compensation and other liabilities	20,308	19,704	310	8,687
Deferred revenue	16,075	20,449	24,473	41,102
Net cash used in operating activities	(191)	(11,550)	(14,492)	(4,557)
Cash flows from investing activities				
Purchases of property and equipment	(17,331)	(21,742)	(30,100)	(46,118)
Purchase of intangible assets	—	(1,000)	—	(1,000)
Purchases of marketable securities	(39,382)	(84,502)	(95,358)	(427,968)
Sales of marketable securities	28,145	35,744	33,529	59,071
Maturities of marketable securities	27,360	5,800	73,681	5,800
Net increase in restricted cash	—	(6,306)	—	(5,600)
Net cash used in investing activities	(1,208)	(72,006)	(18,248)	(415,815)
Cash flows from financing activities				
Net proceeds from exercise of stock options	4,536	3,278	6,793	6,369
Proceeds from issuance of common stock under employee stock purchase plan	—	—	14,166	15,079
Net cash provided by financing activities	4,536	3,278	20,959	21,448
Net increase (decrease) in cash and cash equivalents	3,137	(80,278)	(11,781)	(398,924)
Cash and cash equivalents, beginning of period	168,757	286,096	183,675	604,742
Cash and cash equivalents, end of period	\$ 171,894	\$ 205,818	\$ 171,894	\$ 205,818

Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures

The following table presents non-GAAP gross margins by revenue source before certain items (in thousands, unaudited):

	Three Months Ended July 31, 2017					Three Months Ended July 31, 2016				
	GAAP results	GAAP gross margin (a)	Adjustment	Non-GAAP results	Non-GAAP gross margin (b)	GAAP results	GAAP gross margin (a)	Adjustment	Non-GAAP results	Non-GAAP gross margin (b)
			\$ 358 (c)					\$ 181 (c)		
			8 (d)					3 (d)		
Gross profit -- product	<u>\$ 117,761</u>	<u>67.3%</u>	\$ 366	<u>\$ 118,127</u>	<u>67.5%</u>	<u>\$ 88,073</u>	<u>67.3%</u>	\$ 184	<u>\$ 88,257</u>	<u>67.4%</u>
			\$ 2,245 (c)					\$ 1,712 (c)		
			87 (d)					7 (d)		
Gross profit -- support	<u>\$ 30,249</u>	<u>61.2%</u>	\$ 2,332	<u>\$ 32,581</u>	<u>65.9%</u>	<u>\$ 18,294</u>	<u>56.6%</u>	\$ 1,719	<u>\$ 20,013</u>	<u>62.0%</u>
			\$ 2,603 (c)					\$ 1,893 (c)		
			95 (d)					10 (d)		
Total gross profit	<u>\$ 148,010</u>	<u>65.9%</u>	<u>\$ 2,698</u>	<u>\$ 150,708</u>	<u>67.1%</u>	<u>\$ 106,367</u>	<u>65.2%</u>	<u>\$ 1,903</u>	<u>\$ 108,270</u>	<u>66.3%</u>

(a) GAAP gross margin is defined as gross profit divided by revenue.

(b) Non-GAAP gross margin is defined as non-GAAP gross profit divided by revenue.

(c) To eliminate stock-based compensation expense.

(d) To eliminate payroll tax expense related to stock-based activities.

The following table presents certain non-GAAP consolidated results before certain items (in thousands, except per share amounts, unaudited):

Three Months Ended July 31, 2017					Three Months Ended July 31, 2016					
GAAP results	GAAP operating margin (a)	Adjustment	Non-GAAP results	Non-GAAP operating margin (b)	GAAP results	GAAP operating margin (a)	Adjustment	Non-GAAP results	Non-GAAP operating margin (b)	
		\$ 36,838 (c)					\$ 27,896 (c)			
		906 (d)					158 (d)			
Loss from operations	\$ (64,146)	-28.6 %	\$ 37,744	\$ (26,402)	-11.8 %	\$ (59,481)	-36.4 %	\$ 28,054	\$ (31,427)	-19.3 %
		\$ 36,838 (c)					\$ 27,896 (c)			
		906 (d)					158 (d)			
Net loss	\$ (61,701)		\$ 37,744	\$ (23,957)		\$ (59,550)		\$ 28,054	\$ (31,496)	
Net loss per share -- basic and diluted	\$ (0.29)			\$ (0.11)		\$ (0.31)			\$ (0.16)	
Weighted-average shares used in per share calculation - basic and diluted	209,193			209,193		192,730			192,730	

(a) GAAP operating margin is defined as loss from operations divided by revenue.

(b) Non-GAAP operating margin is defined as non-GAAP loss from operations divided by revenue.

(c) To eliminate stock-based compensation expense.

(d) To eliminate payroll tax expense related to stock-based activities .

Reconciliation from net cash used in operating activities to free cash flow (in thousands, unaudited):

	Three Months Ended July 31,	
	2017	2016
Net cash used in operating activities	\$ (191)	\$ (11,550)
Less: purchases of property and equipment	(17,331)	(21,742)
Free cash flow	\$ (17,522)	\$ (33,292)
Free cash flow as % of revenue	(7.8)%	(20.4)%

Introducing Hat's Highlights: Delivering the Data Platform for the Cloud Era Drives a Strong Q2 for Pure

Pure Storage continues to succeed in our mission to help organizations get more value from their data through a radical increase in performance while reducing complexity and costs. We are winning next-generation use cases like AI, real-time analytics and the Internet of Things (IoT); powering the cloud through our collaboration with leading SaaS, IaaS and consumer Internet vendors; and helping enterprises modernize their IT with cloud-capable infrastructure.

AI and Deep Learning represent fantastic growth areas of our business. Only Pure is providing the massive parallelism required for today's data-driven predictive analytics, including machine learning:

- Last quarter, we highlighted that one of the top AI platforms in the world is built on Pure. In Q2, that company doubled their Pure Storage footprint as they continue to scale their environment.
- This quarter, Zenuity - a Volvo and Autoliv joint venture - chose Pure and NVIDIA to power their autonomous driving platform. Pure now powers three of the top self-driving car efforts.
- In addition to this, we are seeing AI interest pop-up across many different industry verticals, including medical diagnostics, trading, risk assessment, image processing and genomics.

Pure is winning in AI by delivering value and performance unmatched by other high-performance computing (HPC) alternatives. In our experience, the legacy storage competitors simply aren't in the picture when it comes to AI.

Similarly, our IoT footprint continues to expand with recent wins in manufacturing, telecom, transportation and energy. And our cloud business continues its robust growth: Pure now counts more than 600 cloud companies—where we include SaaS, IaaS/PaaS and Consumer Internet customers. Cloud continues to represent more than 25% of Pure's cumulative business to date. In the latest quarter, Pure expanded our footprint at ServiceNow, which is using Pure to increase performance as well as to drive greater customer density in their web-scale architecture.

Our enterprise IT business remains robust as well. In the quarter, we added new customers like Mentor, a Siemens business focused on electronic design automation, which is using FlashBlade to accelerate product development, and Delta Dental of Michigan, which is using our all-NVMe FlashArray//X. Overall, we added over 350 new customers in the quarter - up 61% year-over-year to over 3,700.

Q2 results. These successes and many more like them made Q2 one of our best ever. Pure Storage delivered \$224.5 million in revenues, up 38% year-over-year and 23% sequentially, an acceleration in year-over-year growth from Q1. Our non-GAAP operating margin was -11.8%, more than a 7 point improvement year-over-year. We continue to expect to reach sustained cash flow positive in the second half.

Q2 FY18 KEY HIGHLIGHTS

TAM	Customers	Leverage	
+\$35B 500 Leading Clouds Next Generation Data Cloud Building w/ IT	>3,700 (350 added Q2, 81% growth YY) ~\$12 >\$2 Incremental purchases from top 25 customers with 12 months of initial purchase of \$1 Incremental purchases from all customers with in 24 months of initial purchase of \$1	GAAP 65.9% Gross margin (0.7 ppts YY)	Non-GAAP 67.1%* Gross margin (0.8 ppts YY)
Growth \$224.5M Total revenue, up 38% YY	>25% >25% all former IaaS Cloud customers (SaaS, IaaS, & consumer cloud)	+7.8ppts YY improvement in operating margin	+7.5ppts* YY improvement in operating margin
26% Revenue from international	Liquidity \$523M Cash and investments at quarter end	-\$0.2M Cash flow from operations (-0.1% of revenue)	-\$17.5M* Free cash flow (-7.8% of revenue)

* See slide 49 for more information on our approach



Our FlashStack converged infrastructure partnership with Cisco continues to gain momentum, with revenues more than doubling year over year. For more insight on why converged infrastructure rather than hyper-converged is the winning architecture for cloud, and AI, please see our recent blog Now, the Network Really is the Computer.

Pure//Accelerate. This quarter Pure also hosted its annual user conference where we announced 25 new software features, each of which is included under Pure Storage's unique evergreen subscription to future innovation. Highlights included:

- FlashStack All-NVMe Converged Infrastructure in conjunction with Cisco
- NVIDIA's Chief Architect discussing collaboration with Pure in AI (We believe NVIDIA and Pure are emerging as a de facto standard AI stack.)
- Demo of ActiveCluster for multi-data center fault tolerance, a feature here to now that was extremely complicated (>1000 pages of documentation is typical) and expensive, that Pure will make available to all customers, configurable in seconds.
- Joint demonstration with Google of collaborative processing including deep learning between Pure Storage and Google Cloud
- Twenty-five new software features included within Purity//FlashArray 5.0 and Purity//FlashBlade 2.0 that existing customers get for free
- Pure1@META, which extends our cloud-automation framework with machine learning to support better predictive analytics for our customers' deployments.

Analyst take. Pure Storage was named a leader in Gartner's Magic Quadrant for Solid-State Arrays for the fourth year in a row. Once again, Pure was positioned furthest in the Completeness of Vision axis. IDC recently listed Pure as the 6th largest storage vendor in the world, surpassing Oracle and Huawei—and that's for all storage, not just all-flash. With Pure leading in the hyper-growth segments of cloud and AI that the legacy competitors above us generally do not play in, in addition to our differentiated technology, business model and customer experience, we remain incredibly confident that we will continue to earn our customers confidence, and keep climbing the ranks.

Widening our lead. Of the mainstream storage vendors, Pure is unique in offering the simplicity of a self-driving user experience; in offering software and hardware to take full advantage of the parallel performance afforded by flash; in using predictive analytics and machine learning help customers derive full value from their data; and in providing an inclusive subscription to future innovation and evergreen business model consistent with cloud computing.

In closing, I want to take a moment to offer a heartfelt thank you to Dietz on behalf of all Puritans worldwide. He has shown remarkable leadership during his seven years at Pure, inspiring and supporting all of us, while creating a warm but intellectually stimulating work environment. Dietz has done what many CEOs aspire to do, built a small start-up into a thriving public company, with an employee base that has grown 100x from 20 to nearly 2000, and revenues that have rocketed from zero to our forecasted \$1 billion this year. And he has exuded orange authentically and enthusiastically every step of the way. We are so grateful for his wisdom, partnership and guidance - we're lucky not only to call Dietz a mentor, but also a friend. Dietz, congrats on your promotion to Chairman and we're thrilled you are not going too far away. We promise that Charlie, Coz and the rest of us will deliver on Pure 2020....and then some and make you proud.

Looking ahead, we are extremely excited to welcome Charlie Giancarlo to the Pure team and look forward to working closely with him to continue transforming the data storage industry, delighting our customers and partners every day and enhancing our culture to be the best place any of us have ever worked.

We're only just getting started.



Forward Looking Statements. This post contains forward-looking statements regarding industry and technology trends, our unique strategy, positioning and opportunity (such as AI), our products and related roadmaps (including for FlashArray and FlashBlade), the impact of NVMe, the benefits of our approach and cost advantages, competition, traction with partners, and our business and operations, including our future cash flow, growth prospects and operating model. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the caption “Risk Factors” and elsewhere in our filings and reports with the U.S. Securities and Exchange Commission, which are available on our investor relations website at investor.purestorage.com and on the SEC website at www.sec.gov. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended July 31, 2017. All information provided in this release and in the attachments is as of August 24, 2017, and we undertake no duty to update this information unless required by law.

Non-GAAP Financial Measures. This post contains certain non-GAAP financial measures about the company’s performance. For the most directly comparable GAAP financial measures and a reconciliation of these non-GAAP financial measures to GAAP measures, please see our earnings release issued on August 24, 2017, which includes tables captioned “Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures” and “Reconciliation from net cash provided by operating activities to free cash flow.”