
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): December 2, 2015

Pure Storage, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-37570

(Commission
File Number)

27-1069557

(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))
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Item 2.02 . Results of Operations and Financial Condition.

On December 2, 2015, Pure Storage, Inc. (“Pure Storage”) issued a press release regarding its financial results for the quarter ended October 31, 2015. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

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.

Pure Storage issued a blog post in connection with the discussion Item 2.02, 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 7.01 by reference.

Item 7.01 Regulation FD Disclosure.

The information in this Item 7.01 and Item 9.01(d) is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such exhibits be deemed incorporated by reference in any filing made by Pure Storage under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

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 Third Quarter Fiscal 2016 Results”
99.2	Blog Post entitled “Pure Storage Posts 167% YoY Revenue Growth In Fiscal Third Quarter”

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/ SCOTT DIETZEN
Scott Dietzen
Chief Executive Officer

December 2, 2015

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release entitled "Pure Storage Announces Third Quarter Fiscal 2016 Results"
99.2	Blog Post entitled "Pure Storage Posts 167% YoY Revenue Growth In Fiscal Third Quarter"

Pure Storage Announces Third Quarter Fiscal 2016 Results

- Record Revenue of \$131.4 million, up 167% Y-Y
- Record Gross Margin: 61.1% GAAP; 61.7% non-GAAP, up 300bps Y-Y respectively
- Record Operating Margin: -42.3% GAAP, up 39pts Y-Y; -21.4% non-GAAP, up 46pts Y-Y

Mountain View, Calif. - December 2, 2015 – Pure Storage (NYSE: PSTG) today announced financial results for the third fiscal quarter ended October 31, 2015.

Pure Storage posted revenue of \$131.4 million and GAAP net loss of \$56.5 million for the third quarter of fiscal 2016. These results compare to revenue of \$49.2 million and a GAAP net loss of \$40.4 million in the year-ago quarter. GAAP gross margin for the third quarter of fiscal 2016 was 61.1% and GAAP product gross margin was 63.0%, compared to 58.3% and 61.9%, respectively, in the year-ago quarter. Non-GAAP net loss was \$29.1 million for the third quarter of fiscal 2016, compared to \$33.7 million in the year-ago quarter. Non-GAAP gross margin for the third quarter of fiscal 2016 was 61.7% and non-GAAP product gross margin was 63.1%, compared to 58.7% and 62.0%, respectively, in the year-ago quarter.

“We had an outstanding third quarter including record revenue, gross margin and operating margin,” said Scott Dietzen, CEO of Pure Storage. “Pure delivers customers a storage platform that transforms their businesses and their IT environments through a dramatic increase in performance with flash, and a reduction in complexity and costs through a cloud-centric model. None of our primary competitors are properly enabling customers to reap the benefits of flash and cloud, the biggest changes to the storage market in decades, as we are. We believe this is why others in the storage space are stumbling while we are growing.”

“ We achieved record revenue while improving operating leverage ,” said Tim Riitters, CFO of Pure Storage. “We will continue to drive growth and market share gains with a close eye on profitability over time.”

Pure Storage also grew its customer base to more than 1,350 organizations, adding more than 250 new customers in the third quarter, including Domino’s Pizza and The Boston Globe. Existing customers ConocoPhillips, LinkedIn and ServiceNow also expanded the scope of their relationships with Pure Storage, lending to a strong and continually growing customer base.

Third Quarter Fiscal 2016 Financial Highlights

The following table summarizes our consolidated financial results for the fiscal quarters ended October 31, 2014 and October 31, 2015 (in millions except per share amounts, unaudited):

GAAP Quarterly Financial Information			
	Three Months Ended October 31, 2014	Three Months Ended October 31, 2015	Year-Over-Year Change
Revenue	\$49.2	\$131.4	167%
Gross Margin	58.3%	61.1%	2.8ppts
Product Gross Margin	61.9%	63.0%	1.1ppt
Support Gross Margin	29.6%	49.1%	19.5ppts
Operating Loss	-\$39.8	-\$55.6	-\$15.8
Operating Margin	-80.9%	-42.3%	39ppts
Net Loss	-\$40.4	-\$56.5	-\$16.1
Net Loss per Share	-\$1.43	-\$0.76	\$0.67
Weighted-Average Shares	28.3	74.6	N/A

Non-GAAP Quarterly Financial Information			
	Three Months Ended October 31, 2014	Three Months Ended October 31, 2015	Year-Over-Year Change
Gross Margin	58.7%	61.7%	3.0ppts
Product Gross Margin	62.0%	63.1%	1.1ppt
Support Gross Margin	32.5%	52.8%	20.3ppts
Operating Loss	-\$33.1	-\$28.1	\$5.0
Operating Margin	-67.3%	-21.4%	46ppts
Net Loss	-\$33.7	-\$29.1	\$4.6
Net Loss per Share	-\$0.22	-\$0.18	\$0.04
Weighted-Average Shares	150.6	164.9	N/A
Free Cash Flow	-\$38.4	-\$13.0	66%

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

Financial Outlook

Fourth Quarter Fiscal 2016 Guidance:

- Revenue in the range of \$134 million to \$139 million
- Non-GAAP gross margin in the range of 62% to 65%
- Non-GAAP operating margin in the range of (24%) to (18%)

All forward-looking non-GAAP financial measures contained in this section titled “Financial Outlook” exclude stock-based compensation expense 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 third quarter of fiscal 2016 results at 5:30 a.m. Pacific Standard Time on December 3, 2015. Pure Storage will post its supplemental earnings presentation to our investor relations website at investor.purestorage.com following the conference call. Teleconference details are as follows:

- Phone: 1-866-807-9684; ask to be joined to the Pure Storage conference call
- Real-time Audio Access: (“Events and Presentations” at investor.purestorage.com)

A replay of the webcast will be available for approximately 45 days.

CEO Commentary

Pure Storage has posted a blog from its CEO discussing third quarter results at investor.purestorage.com and blog.purestorage.com.

Upcoming Investor Conference

Pure Storage will be speaking at the Raymond James Technology conference on December 7, 2015 in New York, NY with CEO Scott Dietzen keynoting at 12 p.m. Eastern Standard Time and Vice President of Products, Matthew Kixmoeller participating in a fireside chat on December 8, 2015, at 1:15 p.m. Eastern Standard Time. Live audio Webcasts of the presentations will be available on investor.purestorage.com. An audio Webcast archive of the events will be available until noon Pacific Time on December 16, 2015.

About Pure Storage

Pure Storage (NYSE: PSTG) accelerates possible, transforming businesses in ways previously unimagined. The company’s disruptive, software-driven storage technology combined with a customer-friendly business model drives business and IT transformation for customers through dramatic increases in performance and efficiency at lower costs. Pure Storage FlashArray//m is simpler, faster and more elegant than any other technology in the datacenter. FlashArray //m is ideal for the move toward big data and for performance-intensive workloads such as cloud computing, database systems, desktop virtualization, real-time analytics and server virtualization.

With Pure's industry leading NPS score of 79, Pure customers are some of the happiest in the world, and include large and mid-size organizations across a range of industries: cloud-based software and service providers, consumer web, education, energy, financial services, governments, healthcare, manufacturing, media, retail and telecommunications. With Pure Storage, companies push the boundaries of what's possible to become faster, smarter and more innovative.

Forward Looking Statements

This press release contains forward-looking statements regarding our products, business and operations, including our ability to maximize growth and market share in the short term and profitability over time and our financial outlook for the fourth quarter of fiscal 2016 and statements regarding our products, business and operations. 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the final Prospectus related to our initial public offering of Class A common stock filed pursuant to Rule 424(b) under the Securities Act of 1933 (Registration No. 333-206312), and other reports on file 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 October 31, 2015. All information provided in this release and in the attachments is as of December 2, 2015, 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 loss from operations, 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, assumed preferred stock conversion, and a one-time charge for an equity grant to the Pure Good Foundation in the third quarter of fiscal 2016. 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)

	<u>As of</u> <u>January 31, 2015</u>	<u>As of</u> <u>October 31, 2015</u> (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 192,707	\$ 573,307
Accounts receivable, net of allowance of \$210 and \$566	59,032	112,126
Inventory	21,605	25,549
Deferred commissions, current	9,431	13,612
Prepaid expenses and other current assets	11,195	14,028
Total current assets	293,970	738,622
Property and equipment, net	39,859	47,117
Intangible assets, net	8,284	7,306
Deferred income taxes, non-current	5,529	4,886
Other long-term assets	14,177	20,097
Total assets	\$ 361,819	\$ 818,028
Liabilities, convertible preferred stock, and stockholders' (deficit) equity		
Current liabilities:		
Accounts payable	\$ 11,007	\$ 21,684
Accrued compensation and benefits	13,811	25,030
Accrued expenses and other liabilities	6,106	14,440
Deferred revenue, current	32,199	71,481
Liability related to early exercised stock options	6,485	4,942
Deferred income taxes, current	5,829	5,186
Total current liabilities	75,437	142,763
Deferred revenue, non-current	41,470	90,175
Other long-term liabilities	802	1,136
Total liabilities	117,709	234,074
Convertible preferred stock	543,940	-
Stockholders' (deficit) equity:		
Common stock and additional paid-in capital	41,753	1,094,995
Accumulated deficit	(341,583)	(511,041)
Total stockholders' (deficit) equity	(299,830)	583,954
Total liabilities, convertible preferred stock, and stockholders' (deficit) equity	\$ 361,819	\$ 818,028

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2014	2015	2014	2015
	(unaudited)			
Revenue:				
Product	\$ 43,753	\$ 113,573	\$ 97,006	\$ 248,383
Support	5,436	17,791	11,595	41,719
Total revenue	49,189	131,364	108,601	290,102
Cost of revenue:				
Product (1)	16,676	41,995	39,284	92,348
Support (1)	3,827	9,058	8,751	23,479
Total cost of revenue	20,503	51,053	48,035	115,827
Gross profit	28,686	80,311	60,566	174,275
Operating expenses:				
Research and development (1)	22,863	43,065	63,396	112,935
Sales and marketing (1)	38,224	63,803	109,787	171,647
General and administrative (1) (2)	7,415	29,022	21,834	56,941
Total operating expenses	68,502	135,890	195,017	341,523
Loss from operations	(39,816)	(55,579)	(134,451)	(167,248)
Other income (expense), net	(410)	(171)	(717)	(1,245)
Loss before provision for income taxes	(40,226)	(55,750)	(135,168)	(168,493)
Provision for income taxes	171	751	428	965
Net loss	\$ (40,397)	\$ (56,501)	\$ (135,596)	\$ (169,458)
Net loss per share attributable to common stockholders, basic and diluted	\$ (1.43)	\$ (0.76)	\$ (5.07)	\$ (3.60)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted				
	28,280	74,565	26,769	47,109

(1) Includes stock based compensation expense as follows:

Cost of revenue -- product	\$ 35	\$ 43	\$ 264	\$ 139
Cost of revenue -- support	159	657	1,057	1,511
Research and development	3,399	8,195	18,546	18,624
Sales and marketing	2,315	4,559	19,676	10,539
General and administrative	823	2,085	5,331	5,385
Total stock-based compensation expense	\$ 6,731	\$ 15,539	\$ 44,874	\$ 36,198

(2) Includes a one-time charge of \$11.9 million for an equity grant to the Pure Good Foundation.

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

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
	(unaudited)			
Cash flows from operating activities				
Net loss	\$ (40,397)	\$ (56,501)	\$ (135,596)	\$ (169,458)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	4,368	8,850	9,751	23,118
Stock-based compensation expense	6,731	15,539	17,241	36,198
Contribution of common stock to Pure Good Foundation	-	11,900	-	11,900
Other	-	-	3	-
Changes in operating assets and liabilities:				
Accounts receivable, net	(11,265)	(32,077)	(30,735)	(53,094)
Inventory	(3,745)	(1,767)	(13,072)	(3,420)
Deferred commissions	(2,008)	(3,607)	(4,063)	(8,472)
Prepaid expenses and other assets	(978)	569	(2,368)	(2,065)
Accounts payable	3,350	7,807	4,575	10,224
Accrued compensation and other liabilities	1,514	5,737	7,670	17,216
Deferred revenue	15,713	38,174	36,918	87,987
Net cash used in operating activities	<u>(26,717)</u>	<u>(5,376)</u>	<u>(109,676)</u>	<u>(49,866)</u>
Cash flows from investing activities				
Purchases and property and equipment	(11,667)	(7,672)	(30,902)	(29,495)
Purchases of intangible assets	(1,100)	-	(9,125)	-
Increase in restricted cash	-	(2,484)	(1,613)	(2,484)
Net cash used in investing activities	<u>(12,767)</u>	<u>(10,156)</u>	<u>(41,640)</u>	<u>(31,979)</u>
Cash flows from financing activities				
Proceeds from initial public offering, net	-	459,425	-	459,425
Proceeds from issuance of convertible preferred, stock	150	-	280,820	-
Net proceeds from exercise of stock options	2,217	1,706	7,167	4,710
Repurchase of common stock in connection with tender offers	-	-	(30,120)	-
Payments of deferred offering costs	-	(574)	-	(1,690)
Net cash provided by financing activities	<u>2,367</u>	<u>460,557</u>	<u>257,867</u>	<u>462,445</u>
Net increase (decrease) in cash and cash equivalents	(37,117)	445,025	106,551	380,600
Cash and cash equivalents, beginning of period	274,553	128,282	130,885	192,707
Cash and cash equivalents, end of period	<u>\$ 237,436</u>	<u>\$ 573,307</u>	<u>\$ 237,436</u>	<u>\$ 573,307</u>

Reconciliations of non-GAAP gross margins 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 October 31, 2014					Three Months Ended October 31, 2015				
	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)
			\$ 35 (c)					\$ 43 (c)		
Gross profit -- product	<u>\$ 27,077</u>	61.9%	\$ 35	<u>\$ 27,112</u>	62.0%	<u>\$ 71,578</u>	63.0%	\$ 43	<u>\$ 71,621</u>	63.1%
			\$ 159 (c)					\$ 657 (c)		
Gross profit -- support	<u>\$ 1,609</u>	29.6%	\$ 159	<u>\$ 1,768</u>	32.5%	<u>\$ 8,733</u>	49.1%	\$ 657	<u>\$ 9,390</u>	52.8%
			\$ 194 (c)					\$ 700 (c)		
Total gross profit	<u>\$ 28,686</u>	58.3%	<u>\$ 194</u>	<u>\$ 28,880</u>	58.7%	<u>\$ 80,311</u>	61.1%	<u>\$ 700</u>	<u>\$ 81,011</u>	61.7%

(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.

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

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

	Three Months Ended October 31, 2014					Three Months Ended October 31, 2015				
	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)
			\$ 6,731 (c)					\$ 15,539 (c)		
Loss from operations	<u>\$ (39,816)</u>	-80.9%	\$ 6,731	<u>\$ (33,085)</u>	-67.3%	<u>\$ (55,579)</u>	-42.3%	\$ 27,439	<u>\$ (28,140)</u>	-21.4%
			\$ 6,731 (c)					\$ 15,539 (c)		
								\$ 11,900 (d)		
Net loss	<u>\$ (40,397)</u>		\$ 6,731	<u>\$ (33,666)</u>		<u>\$ (56,501)</u>		\$ 27,439	<u>\$ (29,062)</u>	
Net loss per share -- basic and diluted	<u>\$ (1.43)</u>			<u>\$ (0.22)</u>		<u>\$ (0.76)</u>			<u>\$ (0.18)</u>	

Shares used in per share calculation --

basic and diluted	28,280	122,281 (e)	150,561	74,565	90,381 (e)	164,946
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(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 one-time charge \$11.9 million for an equity grant to the Pure Good Foundation.

(e) To assume preferred stock conversion as of the beginning of the period.

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

	Three Months Ended October 31, 2014	Three Months Ended October 31, 2015
Net cash used in operating activities	\$ (26,717)	\$ (5,376)
Less: purchases of property and equipment	(11,667)	(7,672)
Free cash flow	<u>\$ (38,384)</u>	<u>\$ (13,048)</u>
Free cash flow as % of revenue	-78%	-10%

Pure Storage Posts 167% YoY Revenue Growth In Fiscal Third Quarter

Today, we are publicly reporting quarterly financial results for the first time, and we are thrilled with the results. We are in the right place (a \$24B market for performance storage hardware and software) at the right time (rapidly tipping to all-flash and the cloud model) with the right platform for customers.

As we shared in the blog last week, as a result of the convergence of flash and cloud, we are seeing the biggest disruption the storage industry has seen in over twenty years. This makes for a high-stakes environment, as old and new entrants alike are struggling to adapt, some through M&A and others through end-to-end makeovers of their existing technology. At Pure, we saw these disruptions six years ago as an unprecedented opportunity to transform data center storage with our unique all-flash and cloud-ready platform.

What is driving our success? We're different than other storage companies. The Pure Storage team came together out of a shared dissatisfaction with the state of data center storage. We were convinced that legacy storage vendors were ill-prepared to make the leap to the solid-state, cloud-centric future. So we designed a new storage platform that was a first mover in several key innovations:

1. *All-flash for every application* – Pure offered a 100% flash memory platform that is below the cost of performance disk and is out of the box compatible with existing infrastructure;
2. *Simplicity* – Our platform sheds decades of accumulated complexity and leverages cloud automation and management to bring the simplicity of a public cloud user experience to storage; and
3. *Evergreen* – We rethought the storage technology and business model so that the data stays in place while the containing hardware and software evolves non-disruptively around it, just as it does within the cloud. (Data migrations, after all, are like moving houses—complicated logistics, and you know something will get broken and something lost. What if your home evolved with your needs without ever having to move again?)

Our best-in-class storage platform is enabling our customers to accomplish things they never thought possible with their data and applications--we are delivering storage that can pay for itself both in business value creation and in terms of cutting the complexity and cost of IT. Executing on this vision has made Pure among the highest in customer satisfaction across the tech industry: Pure's NPS is now 79, higher than any other Enterprise Technology brand. (The average NPS for B2B tech is 16.)

We've won customers not just in traditional data centers, but also in some of the largest consumer and SaaS clouds, including LinkedIn, Intuit, Workday and ServiceNow (1). Indeed six of the top twenty SaaS providers (2) are Pure customers. With pricing for raw flash now comparable to fast disk storage, we expect the pace of change in performance storage to accelerate, and we believe Pure is uniquely well positioned given our differentiation across four dimensions: software, hardware, cloud support & automation, and our evergreen business model. In our view, none of our larger competitors have gotten any one of these right. Nor do we believe it will be possible for 15-25 year old storage designs to be successfully retrofit for the all-flash, cloud-centric future.

Q3 results. Our execution against this vision and market opportunity is evident in the outstanding results we posted for our 3rd quarter. Pure continues to be one of if not the fastest-growing systems companies ever, posting revenue of \$131 million, up 167% year-on-year.

We achieved non-GAAP total gross margin of 61.7%, and non-GAAP product gross margin of 63.1%, expanding both sequentially and year-on-year, which speaks directly to our product differentiation. The improvement in product margins is reflective of our new FlashArray//m shipping in August, to great customer reception. In addition to being faster, denser and more power efficient, the Flash Array m-series has lower COGS than the preceding 400 series. This provides a nice tailwind for our overall gross margin profile going forward, even as we continue to close out some remaining FlashArray 400 inventory at attractive pricing.

We posted non-GAAP operating margin of -21%, a 46-point improvement year-over-year, which illustrates the fundamental health of our operating model.

(1) Full disclosure: The CEOs of Workday and ServiceNow serve on the Pure board of directors.

(2) IDC World-wide SaaS and Cloud Software 2015-2019 Forecast

In fact, over the first three quarters of the year, our revenue grew more than 1.7 times faster than our operating expenses—that is, for each additional \$1 of OpEx, we added more than \$1.70 in revenues. As we invest aggressively in sales, marketing, support and our channel to maximize growth going forward, we will also continue to improve our operating efficiency.

Our customer base is growing (adding new customers this quarter such as Domino’s Pizza and The Boston Globe), and existing customers are purchasing more (including ConocoPhillips, LinkedIn, and ServiceNow in Q3). We ended the quarter with over 1,350 customers, up over 140% year over year. Our customer base now includes 12% of the Fortune 500, up from 6% in Q3 of last year.

And for every \$1 of initial product purchase, our top 25 customers on average spent more than \$9 on new product purchases in the first 18 months following their initial purchase, up from \$8 last quarter.

Thanks to the team. I want to take this opportunity to acknowledge the dedication of our extraordinarily talented team. We call ourselves Puritans, and we proudly wear orange. Together, we have built a special corporate culture, which we call the *entrepreneurial workforce* :

- Everyone at Pure is an owner and is empowered like one – We strive for transparency, sharing as much information as possible. We seek to openly share good news as well as bad news internally, so that all can contribute to making our products, our customers’ experience and our company better.
- We emphasize team rather than individual success – We win together and we lose and learn together. We focus on growing the pie rather than playing politics to carve it up.
- We behave more like missionaries than mercenaries – Puritans are striving to make the world of information technology better, knowing that our own rewards are ultimately proportional to our customer’s success.
- Most of all, we focus on supreme customer and partner satisfaction – When a customer has an issue, even if the problem lies outside of Pure, all appropriate Puritans pitch in to help make things right.
- We endeavor to do our jobs so well that customers and partners love our products and love working with our company, and we leverage technology to ensure we maintain this excellence as we scale.

Going forward, we will manage Pure the public company in the same fashion as we have managed Pure as a private company—striving to do the right thing for the long term. Given the co-disruptions of flash and cloud, we believe we have the opportunity over the next decade to build the number one storage company.

And to our customers, our partners and our investors, we thank you for your support. We are hugely grateful for your trust and will continue to do all we can to return value on your investment. We are more committed than ever, and could not be more excited about the road ahead.

Forward Looking Statements

This post contains forward-looking statements regarding industry and technology trends, our positioning and opportunity, and our products, business and operations, including our future margins, 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 captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the final Prospectus related to our initial public offering of Class A common stock filed pursuant to Rule 424(b) under the Securities Act of 1933 (Registration No. 333-206312), our registration statement and other reports on file 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 October 31, 2015. All information provided in this post is as of December 2, 2015, and we undertake no duty to update this information unless required by law.

(1) Full disclosure: The CEOs of Workday and ServiceNow serve on the Pure board of directors.

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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 December 2, 2015 , which includes 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."

- (1) Full disclosure: The CEOs of Workday and ServiceNow serve on the Pure board of directors.
- (2) IDC World-wide SaaS and Cloud Software 2015-2019 Forecast