2019
ANNUAL REPORT

DEAR STOCKHOLDERS,

This September, we completed three years as a public company and ten years since we were founded. In a short span of a decade, we have done more than $5 billion in lifetime sales, transformed into a software business, progressed quickly toward a subscription business model at scale having recorded over $1.2 billion in annual revenues in our most recent fiscal year in addition to having over $900 million in deferred revenues on our balance sheet, and exceeded the 14,000 customer mark while still keeping an average Net Promoter Score (NPS) of 90 over the past 5 years. And during this time, we've consistently maintained our leadership position in the Gartner Magic Quadrant, while also being ranked by global CIOs in JPMC's 2019 CIO Survey as one of their favorite companies to do business with!

As I mentioned in my letter last year, our market thesis — of what cloud computing would look like between private (owned) and public (rented) models — is now the dominant thinking within the market. Enterprises covet the portability and choice of a multi-cloud computing model. Blurring the lines between owned and rented clouds — and between various public clouds — is the most difficult computer science problem of this decade. At Nutanix, we are committed to (i) a single software architecture across them all, (ii) a single licensing model for consumption (subscription), and (iii) a single pane of glass to **virtualize**, **simplify**, and **integrate** the differences across the various clouds.

True Hybrid Cloud is Hard; Requires Integrity… and Grit

The core of Nutanix's innovation these last ten years has been software-defined infrastructure, in that all datacenter devices needed to move to pure software running on commodity x86 servers. Standardized hardware, a common operating system, consumer-grade design, and deep automation are the distinct virtues that define a true cloud, public or private. In this coming decade, we will double down on our core vision once again, as we demonstrate why cloud computing for the enterprise is about location-agnostic software that runs at the edge, in the core (private) cloud, and in the large multi-tenant (public) cloud.

Achieving symmetry across various locations with a highly portable licensing model, i.e., subscription, has been our journey this last fiscal year. And it hasn't been easy, to say the least, as we've changed our pricing model at a global scale, and moved many of our customers from life-of-device entitlements to term licenses. The silver lining is that we're ahead of our expectations in this transition, with 65% of our revenues subscription-based in the fourth quarter of our last fiscal year, driven by the secular consumption model shift happening within our customer base.

Our employees and our investors have shown immense grit and patience, as we've taken on one of the rarest double transitions in the history of IT, moving from an appliance business model in 2017 to a subscription model in 2019, bringing substance to our hybrid cloud vision. We are deeply grateful for your investment in Nutanix. Our hard work is beginning to pay off, as we establish a baseline for our new pricing, sales funnel, and revenue models.

Resilience and Delight: Two Sides of the Same Coin

Gritty companies in the history of technology have shown resilience on Wall Street because of one simple trait: their ability to delight Main Street (customers), no matter what. We are one of the very few companies in tech that, at scale, continue to be profoundly empathetic to the needs of our customers. This empathy is demonstrated in our highly differentiated NPS, and how our existing customers continue to do repeat business with us year after year. At the same time, our grasp of what the market needs has been second to none. This insight is why our new products have very quickly become pervasive in our business — with 26% of our deals last fiscal year including one or more of our new products, without any unnatural bundling of shelfware. The full-stack of Nutanix is emerging, with the core hyperconvergence platform as the foundation for all our new "apps."

The road to success is not always in a straight line, and our quarterly results to Wall Street have shown that transitions require short term pain for long term gain. Nevertheless, we've done a great job of bringing Main Street along with us. We delivered industry-leading innovation for our customers this last decade — including two back-to-back business model transitions. Consequently, our end-user customers have become "investors" in this moment of transition, as we invest our profits back into the business. Conversely, we'd love to treat our Wall Street investors as "customers" to whom we bring delight in the coming several years. In the last few quarters, we've simplified and streamlined our go-to-market motion as well as messaging — with an increased focus on our subscription model change, and commercial segmentation — that we believe will make us meaningfully more efficient than before.

Wall Street and Main Street are two sides of the same coin. We are confident that our Wall Street "customers" will see delight as we operate this business at a multi-billion dollar scale and strive to *make computing invisible, anywhere*.

Thanks,

Dheeraj Pandey

1740 Technology Drive, Suite 150
San Jose, California 95110

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On December 13, 2019 at 8:30 a.m., Pacific Time

To the Stockholders of Nutanix, Inc.:

On behalf of our board of directors, it is our pleasure to invite you to attend the 2019 annual meeting of stockholders, including any adjournment or postponement thereof, or the Annual Meeting, of **Nutanix, Inc.**, a Delaware corporation. The Annual Meeting will be held virtually, via live webcast at *www.virtualshareholdermeeting.com/NTNX2019*, originating from San Jose, California, on Friday, December 13, 2019 at 8:30 a.m., Pacific Time, and, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect two Class III directors, Ravi Mhatre and Dheeraj Pandey, to serve until the annual meeting of stockholders to take place after the end of the fiscal year ending July 31, 2022.
2. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2020.
3. To approve, on a non-binding advisory basis, the compensation of our Named Executive Officers.
4. To approve certain amendments to our 2016 Employee Stock Purchase Plan, or the ESPP, including an amendment to increase the maximum number of shares of our Class A common stock authorized for sale thereunder by 9,200,000 shares.
5. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the proxy materials accompanying this notice.

The record date for the Annual Meeting, or the Record Date, is October 21, 2019. Only stockholders of record of our Class A common stock and Class B common stock at the close of business on the Record Date may vote at the Annual Meeting.

On or about October 30, 2019, we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials, or the Notice, containing instructions on how to access our proxy statement and annual report. The Notice provides instructions on how to vote via the Internet or by telephone and includes instructions on how to receive a paper copy of our proxy materials by mail. The accompanying proxy statement and our annual report can be accessed directly at the following Internet address: *www.proxyvote.com*. You will be asked to enter the sixteen-digit control number located on your Notice or proxy card.

By Order of the Board of Directors

Dheeraj Pandey

Dheeraj Pandey
Chief Executive Officer & Chairman

San Jose, California
October 30, 2019

You are cordially invited to attend the virtual Annual Meeting. YOUR VOTE IS IMPORTANT. Whether or not you expect to attend the Annual Meeting, you are urged to vote and submit your proxy by following the voting procedures described in the proxy card. Even if you have voted by proxy, you may still vote during the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other agent and you wish to vote during the Annual Meeting, you must follow the instructions from your broker, bank or other agent.

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NUTANIX™
PROXY STATEMENT

For the 2019 Annual Meeting of Stockholders
To Be Held On Friday, December 13, 2019 at 8:30 a.m., Pacific Time

Our board of directors is soliciting your proxy to vote at the 2019 annual meeting of stockholders, including any adjournment or postponement thereof, or the Annual Meeting, of **Nutanix, Inc.**, a Delaware corporation, to be held via live webcast at *www.virtualshareholdermeeting.com/NTNX2019*, originating from San Jose, California, on Friday, December 13, 2019 at 8:30 a.m., Pacific Time.

For the Annual Meeting, we have elected to furnish our proxy materials, including this proxy statement and our Annual Report on Form 10-K for our fiscal year ended July 31, 2019, or the Annual Report, to our stockholders primarily via the Internet. On or about October 30, 2019, we expect to mail to our stockholders a *Notice of Internet Availability of Proxy Materials*, or the Notice, that contains the notice of the Annual Meeting and instructions on how to access our proxy materials on the Internet, how to vote at the Annual Meeting, and how to request printed copies of the proxy materials. Stockholders may request to receive all future materials in printed form by mail or electronically by e-mail by following the instructions contained in the Notice. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact and cost of our annual meetings.

Only stockholders of record of our Class A common stock and Class B common stock at the close of business on October 21, 2019, or the Record Date, will be entitled to vote at the Annual Meeting. On the Record Date, there were 173,721,537 shares of Class A common stock and 18,422,043 shares of Class B common stock outstanding and entitled to vote. A list of stockholders entitled to vote at the Annual Meeting will be available for examination during normal business hours for ten days before the Annual Meeting at our principal place of business at the address below. The stockholder list will also be available online during the Annual Meeting to those that attend the meeting.

In this proxy statement, we refer to Nutanix, Inc. as "Nutanix," "we," "us" or the "Company" and the board of directors of Nutanix as "our board of directors." Our Annual Report, which contains consolidated financial statements as of and for our fiscal year ended July 31, 2019, or fiscal 2019, accompanies this proxy statement. You also may obtain, without charge, a copy of this proxy statement and the Annual Report, which was filed with the U.S. Securities and Exchange Commission, or the SEC, by writing to our Secretary at 1740 Technology Dr., Suite 150, San Jose, CA 95110 or by following the directions set forth in the Notice.

QUESTIONS AND ANSWERS ABOUT PROXY MATERIALS AND VOTING

The information provided in the "questions and answers" format below is for your convenience only and is merely a summary of the information contained in the proxy statement. You should carefully read this proxy statement in its entirety. Information contained on, or that can be accessed through, our website is not intended to be, and is not, incorporated by reference into this proxy statement and references to our website addresses in this proxy statement are inactive textual references only.

Why did I receive a notice regarding the availability of proxy materials on the Internet?

We have elected to provide access to our proxy materials over the Internet. Accordingly, we have sent you a Notice because our board of directors is soliciting your proxy to vote at the Annual Meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice.

We expect to mail the Notice on or about October 30, 2019 to all stockholders of record entitled to vote at the Annual Meeting.

How do I attend and participate in the Annual Meeting online?

We will be hosting the Annual Meeting via live webcast only. Any stockholder can attend the Annual Meeting, live online at *www.virtualshareholdermeeting.com/NTNX2019*. The webcast will start at 8:30 a.m., Pacific Time. Stockholders may vote and submit questions while attending the meeting online. The webcast will open 15 minutes before the start of the meeting. In order to enter the meeting, you will need the control number. The control number will be included in the Notice or on your proxy card if you are a stockholder of record of shares of common stock, or included with your voting instructions received from your broker, bank or other agent if you hold your shares of common stock in a "street name." Instructions on how to attend and participate online are available at *www.virtualshareholdermeeting.com/NTNX2019*.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on October 21, 2019, or the Record Date, will be entitled to vote at the Annual Meeting. As of the close of business on the Record Date, there were 173,721,537 shares of Class A common stock and 18,422,043 shares of Class B common stock outstanding and entitled to vote, together referred to as our common stock.

Stockholder of Record: Shares Registered in Your Name

If, as of the close of business on the Record Date, your shares of common stock were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote online during the meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If, as of the close of business on the Record Date, your shares of common stock were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in "street name" and the Notice will be forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the virtual Annual Meeting. Since you are not the stockholder of record, you may vote your shares online during the Annual Meeting only by following the instructions from your broker, bank or other agent.

What matters am I voting on?

There are four matters scheduled for a vote:

- Election of two Class III directors to hold office until the annual meeting of stockholders to take place after the end of fiscal year ending July 31, 2022;
- Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2020;
- The approval, on a non-binding advisory basis, of the compensation of our Named Executive Officers; and
- The approval of certain amendments of our 2016 Employee Stock Purchase Plan, or the ESPP, including an amendment to increase the maximum number of shares of our Class A common stock authorized for sale thereunder by 9,200,000 shares.

How do I vote?

The procedures for voting are as follows:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote online during the Annual Meeting, vote by proxy through the Internet, vote by proxy over the telephone, or vote by proxy using a proxy card that you may request. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. Even if you have submitted a proxy before the Annual Meeting, you may still attend online and vote during the meeting. In such case, your previously submitted proxy will be disregarded.

- To vote online during the Annual Meeting, follow the provided instructions to join the meeting at *www.virtualshareholdermeeting.com/NTNX2019,* starting at 8:30 a.m., Pacific Time, on December 13, 2019.
- To vote online before the Annual Meeting, go to *www.proxyvote.com*.
- To vote by toll-free telephone, call 1-800-690-6903 if you are a stockholder of record or 1-800-454-8683 if you are a "beneficial" stockholder (be sure to have your Notice or proxy card in hand when you call).
- To vote by mail, simply complete, sign and date the proxy card or voting instruction card, and return it promptly in the envelope provided.

If we receive your vote by Internet or phone or your signed proxy card up until 11:59 p.m., Eastern Time, the day before the Annual Meeting, we will vote your shares as you direct.

To vote, you will need the control number. The control number will be included in the Notice or on your proxy card if you are a stockholder of record of shares of common stock, or included with your voting instructions received from your broker, bank or other agent if you hold your shares of common stock in a "street name".

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a notice containing voting instructions from that organization rather than from us. Simply follow the voting instructions in such notice to ensure that your vote is counted. To vote online during the meeting, you must follow the instructions from your broker, bank or other agent.

Internet proxy voting is provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. Please be aware that you must bear any costs associated with your Internet access.

Can I change my vote?

Yes. Subject to the voting deadlines above, if you are a stockholder of record, you may revoke your proxy at any time before the close of voting using one of the following methods:

- You may submit another properly completed proxy card with a later date.

- You may grant a subsequent proxy by telephone or through the Internet.
- You may send a written notice that you are revoking your proxy to our Secretary at 1740 Technology Dr., Suite 150, San Jose, California 95110.
- You may attend and vote online during the Annual Meeting. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by such party.

What happens if I do not vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and do not vote during the Annual Meeting, or through the Internet, by telephone or by completing your proxy card before the Annual Meeting, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

Broker non-votes occur when (1) a broker or other nominee holds shares for a beneficial owner, (2) the beneficial owner has not given the respective broker specific voting instructions, (3) the matter is non-routine in nature, and (4) there is at least one routine proposal presented at the applicable meeting of stockholders (such as Proposal 2 at this Annual Meeting). Under applicable rules, a broker or other nominee has discretionary voting power only with respect to proposals that are considered "routine," but not with respect to "non-routine" proposals. Broker non-votes are considered present for purposes of determining the presence of a quorum so long as the shares represented by a broker or other nominee who holds shares for a beneficial owner, where the beneficial owner has not given the respective broker or other nominee specific voting instructions, can be voted for, against or in abstention for at least one proposal presented at the Annual Meeting. Since there is one routine proposal presented at the Annual Meeting (Proposal 2) on which brokers and other nominees have such discretionary voting power, broker non-votes will be counted for quorum purposes at the Annual Meeting. Broker non-votes will not be counted for purposes of determining the number of votes cast on a proposal. Therefore, a broker non-vote will make a quorum more readily attainable but will not otherwise affect the outcome of the vote on any of the proposals.

Abstentions represent a stockholder's affirmative choice to decline to vote on a proposal, and occur when shares present at the meeting are marked "abstain." Abstentions are counted for purposes of determining whether a quorum is present and are also counted as votes against a proposal in cases where approval of the proposal requires the votes from the holders of a majority in voting power of the shares present at the Annual Meeting or represented by proxy thereat and entitled to vote on the proposal (Proposals 2, 3 and 4).

Proposals 1, 3 and 4 are non-routine matters, so your broker or nominee may not vote your shares on Proposals 1, 3 or 4 without your instructions. Proposal 2, the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2020, is a routine matter so your broker or nominee may vote your shares on Proposal 2 even in the absence of your instruction. ***Please instruct your bank, broker or other agent to ensure that your vote will be counted.***

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote but do not make specific choices, your shares will be voted **FOR** the election of both nominees for Class III director, **FOR** the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2020, **FOR** the approval of certain amendments of the ESPP, including an amendment to increase the maximum number of shares of our Class A common stock authorized for sale thereunder by 9,200,000 shares, and **FOR** the approval of the compensation of our Named Executive Officers. If any other matter is properly presented at the Annual Meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

How many votes do I have?

Each holder of Class A common stock will have the right to one vote per share of Class A common stock and each holder of Class B common stock will have the right to ten votes per share of Class B common stock. Our Class A common stock and Class B common stock will vote as a single class on all matters described in this proxy statement for which your vote is being solicited. Stockholders are not permitted to cumulate votes with respect to the election of directors.

How do I find out whether I have Class A common stock or Class B common stock?

If you are unsure whether you hold shares of Class A common stock or Class B common stock, contact our stock administrator at stocks@nutanix.com.

How many votes are needed to approve each proposal and how are the votes counted?

- *Proposal 1:* Directors are elected by a plurality vote. Therefore, the two director nominees for Class III receiving the highest number of **FOR** votes will be elected. You may vote **FOR** or **WITHHOLD** on each of the nominees for election as director. **WITHHOLD** votes and broker non-votes have no legal effect on the election of directors.
- *Proposal 2:* The ratification of the selection of our independent registered public accounting firm for the fiscal year ending July 31, 2020 must receive **FOR** votes from the holders of a majority in voting power of the shares present at the Annual Meeting or represented by proxy thereat and entitled to vote on the proposal. You may vote **FOR**, **AGAINST**, or **ABSTAIN** with respect to this proposal. Abstentions are considered votes present and entitled to vote on this proposal, and thus will have the same effect as a vote **AGAINST** the proposal. Broker non-votes will have no effect as a vote on the outcome of this proposal.
- *Proposal 3:* The approval, on an advisory basis, of the compensation of our Named Executive Officers must receive **FOR** votes from the holders of a majority of the voting power of the shares present at the Annual Meeting or represented by proxy thereat and entitled to vote on the proposal. You may vote **FOR**, **AGAINST**, or **ABSTAIN** with respect to this proposal. Abstentions are considered votes present and entitled to vote on this proposal, and thus will have the same effect as votes **AGAINST** this proposal. Broker non-votes will have no effect on the outcome of this proposal. Although the advisory vote is non-binding, our board of directors values stockholders' opinions. The compensation committee will review the results of the vote and, consistent with our record of stockholder responsiveness, consider stockholders' concerns and take into account the outcome of the vote when considering future decisions concerning our executive compensation program.
- *Proposal 4:* The approval of certain amendments of the ESPP, including an amendment to increase the maximum number of shares of our Class A common stock authorized for sale thereunder by 9,200,000 shares, must receive **FOR** votes from the holders of a majority of the voting power of the shares present at the Annual Meeting or represented by proxy thereat and entitled to vote on the proposal. You may vote **FOR**, **AGAINST**, or **ABSTAIN** with respect to this proposal. Abstentions are considered votes present and entitled to vote on this proposal, and thus will have the same effect as a vote **AGAINST** the proposal. Broker non-votes will have no effect as a vote on the outcome of this proposal.

Who counts the votes?

We have engaged Broadridge Financial Solutions, or Broadridge, as our independent agent to tabulate stockholder votes. If you are a stockholder of record, and you choose to vote over the Internet (either prior to or during the Annual Meeting) or by telephone, Broadridge will access and tabulate your vote electronically, and if you choose to sign and mail your proxy card, your executed proxy card is returned directly to Broadridge for tabulation. As noted above, if you hold your shares through a broker, your broker (or its agent for tabulating votes of shares held in street name, as applicable) returns one proxy card to Broadridge on behalf of all its clients.

Who is paying for this proxy solicitation?

We will pay for the cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid additional compensation for soliciting proxies. We may reimburse brokers, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

When are stockholder proposals due for next year's annual meeting?

Requirements for stockholder proposals to be brought before an annual meeting.

Our amended and restated bylaws provide that, for stockholder director nominations or other proposals to be considered at an annual meeting, the stockholder must give timely notice thereof in writing to our Secretary at Nutanix, Inc., 1740 Technology Drive, Suite 150, San Jose, CA 95110. No stockholders provided timely notice of a director nomination or other proposal for this 2019 Annual Meeting, thus no other matters will be presented for consideration at the Annual Meeting other than the proposals set forth in this proxy statement. To be timely for the 2020 annual meeting of stockholders, a stockholder's notice must be delivered to or mailed and received by our Secretary at our principal executive offices not later than September 15, 2020 nor earlier than August 16, 2020. A stockholder's notice to the Secretary must also set forth the information required by our amended and restated bylaws.

Requirements for stockholder proposals to be considered for inclusion in our proxy materials.

Stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and intended to be presented at the 2020 annual meeting of stockholders must be received by us no later than July 2, 2020 in order to be considered for inclusion in our proxy materials for that meeting.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the aggregate voting power of the shares of common stock issued, outstanding and entitled to vote are present in person at the meeting or represented by proxy.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote during the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, either the chairperson of the Annual Meeting or the stockholders entitled to vote at the Annual Meeting that are present in person or represented by proxy may adjourn the meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

We expect that preliminary voting results will be announced during or shortly following the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting.

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the instructions on the Notices to ensure that all your shares are voted.

What does it mean if multiple members of my household are stockholders but we only received one Notice or full set of proxy materials in the mail?

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for notices and proxy materials with respect to two or more stockholders sharing the same address by delivering a single Notice or set of proxy materials addressed to those stockholders. In accordance with a prior notice sent to certain brokers, banks, dealers or other agents, we are sending only one Notice or full set of proxy materials to those addresses with multiple stockholders unless we received contrary instructions from any stockholder at that address. This practice, known as "householding," allows us to satisfy the requirements for delivering Notices or proxy materials with respect to two or more stockholders sharing the same address by delivering a single copy of these documents. Householding helps to reduce our printing and postage costs, reduces the amount of mail you receive and helps to preserve the environment. If you currently receive multiple copies of the Notice or proxy materials at your address and would like to request "householding" of your communications, please contact your broker. Once you have elected "householding" of your communications, "householding" will continue until you are notified otherwise or until you revoke your consent.

To receive a separate copy, or, if a stockholder is receiving multiple copies, to request that we only send a single copy of the Notice and, if applicable, our proxy materials, such stockholder may contact us at the following address:

Nutanix, Inc.
Attention: Investor Relations
1740 Technology Drive, Suite 150
San Jose, California 95110

CORPORATE GOVERNANCE AT NUTANIX

Nutanix is strongly committed to good corporate governance practices. These practices provide an important framework within which our board of directors and management can pursue our strategic objectives for the benefit of our stockholders. Our board of directors has adopted corporate governance guidelines that set forth the role of our board of directors, director independence standards, board structure and functions, director selection considerations, and other governance policies. In addition, our board of directors has adopted written charters for its standing committees (audit, compensation, and nominating and corporate governance), as well as a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our nominating and corporate governance committee reviews the corporate governance guidelines annually, and recommends changes to our board of directors as warranted. The corporate governance guidelines, the committee charters, and the code of business conduct and ethics, and any waivers or amendments to the code of business conduct and ethics, are all available on our investor relations website (*http://ir.nutanix.com*) in the "Governance" section.

BOARD OF DIRECTORS AND ITS COMMITTEES

Current Composition of the Board of Directors and its Committees

Name	Age	Position/Office Held With Nutanix	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Independent	Tenure
Class III directors whose terms expire at this Annual Meeting							
John McAdam	68	Director		Member		✓	4 years
Ravi Mhatre	52	Lead Independent Director		Member	Chair	✓	9 years
Dheeraj Pandey	44	CEO and Chairman					10 years
Class I directors whose terms expire at the annual meeting of stockholders after the end of fiscal 2020							
Susan L. Bostrom	59	Director		Member		✓	2 years
Steven J. Gomo	67	Director	Member		Member	✓	4 years
Jeffrey T. Parks	38	Director	Member	Chair		✓	6 years
Class II directors whose terms expire at the annual meeting of stockholders after the end of fiscal 2021							
Craig Conway	65	Director			Member	✓	2 years
Michael P. Scarpelli	52	Director	Chair			✓	6 years
Brian Stevens	56	Director				✓	1 year

Director Independence

Our Class A common stock is listed on the Nasdaq Global Select Market, or Nasdaq. Under the listing requirements and rules of Nasdaq, independent directors must comprise a majority of our board of directors. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Compensation committee members must not have a relationship with us that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member. Additionally, audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities and Exchange Act of 1934, as amended, or the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee, accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries or be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors determined that each of Ms. Bostrom and Messrs. Conway, Gomo, McAdam, Mhatre, Parks, Scarpelli, and Stevens, representing eight of our nine current directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and were "independent directors" as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq.

Board Leadership

Our nominating and corporate governance committee periodically considers the leadership structure of our board of directors and makes such recommendations to our board of directors as our nominating and corporate governance committee deems appropriate. Our corporate governance guidelines also provide that, when the positions of chairperson and chief executive officer are held by the same person, the independent directors may designate a "lead independent director."

Currently, our board of directors believes that it is in the best interests of our company and our stockholders for our Chief Executive Officer, or CEO, Mr. Pandey, to serve as both CEO and Chairman given his knowledge of our company and industry and his strategic vision. Because Mr. Pandey has served and continues to serve in both these roles, in August 2015, our board of directors appointed Mr. Mhatre to serve as our lead independent director. As lead independent director, Mr. Mhatre will preside at all meetings of the board of directors at which the Chairman is not present, preside over executive sessions of our independent directors, serve as a liaison between our Chairman and our independent directors and perform such additional duties as our board of directors may otherwise determine and delegate. Our board of directors believes that its independence and oversight of management is maintained effectively through this leadership structure, the composition of our board of directors and sound corporate governance policies and practices.

Executive Sessions of Non-Employee Directors

In order to encourage and enhance communication among non-employee directors, and as required under applicable Nasdaq rules, our corporate governance guidelines provide that the non-employee directors will meet in executive sessions without management directors or company management on a periodic basis, no less than twice a year. Our lead independent director, Mr. Mhatre, is the presiding director at these meetings.

Communications with our Board of Directors

Stockholders or interested parties who wish to communicate with our board of directors or with an individual director may do so by mail to our board of directors or the individual director, care of our Chief Legal Officer at 1740 Technology Dr., Suite 150, San Jose, CA 95110. The communication should indicate that it contains a stockholder or interested party communication. In accordance with our corporate governance guidelines, all such communication will be reviewed by the Chief Legal Officer, in consultation with appropriate directors as necessary, and, if appropriate, will be forwarded to the director or directors to whom the communications are addressed or, if none are specified, to the Chairman of our board of directors.

Committees of the Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, which have the composition and responsibilities described below. Our board of directors may establish other committees to facilitate the management of our business. Copies of the charters of the audit, compensation, and nominating and corporate governance committees are available in the "Governance" section of our investor relations website (*http://ir.nutanix.com*). Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is comprised of Messrs. Gomo, Parks and Scarpelli, each of whom is a non-employee member of our board of directors. Mr. Scarpelli is the Chairman of our audit committee. Our board of directors has determined that each of the members of our audit committee satisfies the requirements for independence and financial literacy under the rules and regulations of Nasdaq and the SEC. Our board of directors has also determined that each of Messrs. Gomo and Scarpelli qualifies as an "audit committee financial expert," as defined in the SEC rules, and satisfies the financial sophistication requirements of Nasdaq. The audit committee is responsible for, among other things:

- selecting and hiring our independent registered public accounting firm;
- evaluating the performance and independence of our registered public accounting firm;
- pre-approving the audit and any non-audit services to be performed by our independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our internal control policies and procedures and our disclosure controls and procedures;
- overseeing procedures for the treatment of complaints on accounting, internal accounting controls or audit matters;
- reviewing and discussing with management and the independent registered public accounting firm, our audited and quarterly unaudited financial statements, the results of our annual audit, and our publicly filed reports;
- reviewing and discussing with management and the independent registered public accounting firm, our major financial risk exposures and steps managements has taken to monitor and control those exposures;
- reviewing and overseeing any related-person transactions; and
- preparing the audit committee report in our annual proxy statement.

Compensation Committee

Our compensation committee is comprised of Ms. Bostrom and Messrs. McAdam, Mhatre and Parks, each of whom is a non-employee member of our board of directors. Mr. Parks is the Chairman of our compensation committee. Mr. McAdam is retiring from our board of directors effective as of the end of his current term of office, which will expire at the Annual Meeting. As a result of his retirement, Mr. McAdam will not stand for re-election at the Annual Meeting and, effective as of the expiration of Mr. McAdam's term of office at the Annual Meeting, he will no longer serve on our compensation committee.

Our board of directors has determined that each member of our compensation committee meets the requirements for independence under the rules of Nasdaq and the SEC, and is a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act. The compensation committee is responsible for, among other things:

- reviewing and approving our CEO's and other executive officers' annual base salaries, incentive compensation plans, including the specific goals and amounts, equity compensation, employment agreements, severance arrangements and change of control agreements, and any other benefits, compensation or arrangements;
- administering our equity compensation plans;
- overseeing our overall compensation philosophy, compensation plans and benefits programs; and
- reviewing the compensation disclosures in our annual proxy statement.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee have been an officer or employee of our company. None of our executive officers currently serve, or during fiscal 2019 have served, as a member of the compensation committee or director (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers serving on our compensation committee or our board of directors.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is comprised of Messrs. Conway, Gomo and Mhatre, each of whom is a non-employee member of our board of directors. Mr. Mhatre serves as the Chairman of the committee. Our board of directors has determined that each member of our nominating and corporate governance committee meets the requirements for independence under the rules of Nasdaq. The nominating and corporate governance committee is responsible for, among other things:

- determining the qualifications required to be a member of the board of directors and recommending to the board of directors the criteria to be considered in selecting director nominees;
- evaluating and making recommendations regarding the composition, organization and governance of our board of directors and its committees;
- evaluating and making recommendations regarding the creation of additional committees or the change in mandate or dissolution of committees;
- developing and monitoring a set of corporate governance guidelines; and
- reviewing and approving conflicts of interest of our directors and officers, other than related-person transactions reviewed by the audit committee.

Other Committees

Pursuant to our amended and restated bylaws, the board of directors may designate other standing or ad hoc committees to serve at the discretion of the board of directors from time to time. For example, the board of directors has delegated certain authority to a mergers and acquisitions committee (comprised of Messrs. Conway, Gomo and Mhatre) as well as an equity award committee (comprised of Mr. Pandey).

Board and Committee Meetings and Attendance

Our board of directors is responsible for the oversight of company management and strategy and for establishing corporate policies. Our board of directors and its committees meet throughout the year on a regular basis and also hold special meetings and act by written consent from time to time. Our board of directors met eight times (including regularly scheduled and special meetings) during our last fiscal year. The audit committee met nine times during our last fiscal year. The compensation committee met seven times during our last fiscal year. The nominating and corporate governance committee met five times during our last fiscal year. During our last fiscal year, each director attended 75% or more of the aggregate of the meetings of our board of directors and of the committees on which he or she served at the time.

We encourage our directors and nominees for director to attend our annual meeting of stockholders but do not require that they attend. All of our then-incumbent eight directors attended our 2018 annual meeting of stockholders.

Risk Oversight

Our board of directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and to enhance stockholder value. Our board of directors, as a whole, is responsible for determining the appropriate level of risk for Nutanix, assessing the specific risks that we face and reviewing management's strategies for adequately mitigating and managing the identified risks. Although our board of directors is responsible for administering this risk management oversight function, the committees of our board of directors support our board of directors in discharging its oversight duties and addressing risks inherent in their respective areas.

Our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. Our audit committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our nominating and corporate governance committee monitors the effectiveness of our corporate governance guidelines. Our compensation committee assesses and monitors whether our compensation philosophy and practices have the potential to encourage excessive risk-taking and evaluates compensation policies and practices that could mitigate such risks.

At periodic meetings of our board of directors and its committees, management reports to and seeks guidance from our board of directors and its committees with respect to the most significant risks that could affect our business, such as legal, financial, tax and audit related risks. In addition, among other matters, management provides our audit committee with periodic reports on our compliance programs and investment policy and practices.

NOMINATIONS PROCESS AND DIRECTOR QUALIFICATIONS

Nomination to the Board of Directors

Candidates for nomination to our board of directors are selected by our board of directors based on the recommendation of the nominating and corporate governance committee in accordance with the committee's charter, our policies, our amended and restated certificate of incorporation and amended and restated bylaws, our corporate governance guidelines, the criteria adopted by our board of directors regarding director candidate qualifications, and the requirements of applicable law. In recommending candidates for nomination, the nominating and corporate governance committee considers candidates recommended by directors, officers, and employees, as well as candidates that are properly submitted by stockholders in accordance with our policies and amended and restated bylaws, using the same criteria to evaluate all such candidates. A stockholder that wishes to recommend a candidate for election to the board of directors may send a letter directed to our Chief Legal Officer at 1740 Technology Drive, Suite 150, San Jose, CA 95110. The letter must include, among other things, the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve, and information regarding any relationships between the candidate and Nutanix. Additional information regarding the process for properly submitting stockholder nominations for candidates for membership on our board of directors is set forth above under "*Questions and Answers About Proxy Materials and Voting*" and in our amended and restated bylaws.

Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate and, in addition, the nominating and corporate governance committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

Director Qualifications

With the goal of developing a diverse, experienced and highly qualified board of directors, the nominating and corporate governance committee is responsible for developing and recommending to our board of directors the desired qualifications, expertise and characteristics of members of our board of directors, including qualifications that the committee believes must be met by a committee-recommended nominee for membership on our board of directors and specific qualities or skills that the committee believes are necessary for one or more of the members of our board of directors to possess.

In addition to the qualifications, qualities, and skills that are necessary to meet U.S. legal, regulatory and Nasdaq listing requirements and the provisions of our amended and restated certificate of incorporation, amended and restated bylaws, corporate governance guidelines, and charters of the board committees, the nominating and corporate governance committee requires the following minimum qualifications to be satisfied by any nominee for a position on the board of directors: (i) the highest personal and professional ethics and integrity, (ii) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, (iii) skills that are complementary to those of the existing board of directors, (iv) the ability to assist and support management and make significant contributions to our success, and (v) an understanding of the fiduciary responsibilities that are required of a member of the board of directors and the commitment of time and energy necessary to diligently carry out those responsibilities. When considering nominees, our nominating and corporate governance committee may take into consideration many other factors including, among other things, the candidates' character, integrity, judgment, independence, area of expertise, corporate experience, length of service, and potential conflicts of interest, the candidates' other commitments, and the size and composition of the board of directors and the needs of the board of directors and its committees. Our board of directors and nominating and corporate governance committee believe that a diverse, experienced and highly qualified board of directors fosters a robust, comprehensive and balanced decision-making process for the continued effective functioning of our board of directors and success of the Company. Accordingly, through the nomination process, the nominating and corporate governance committee seeks to promote board membership that reflects diversity, factoring in gender, race, ethnicity, differences in professional background, education, skill, and experience, and other individual qualities and attributes that contribute to the total mix of viewpoints and experience. The nominating and corporate governance committee evaluates the foregoing factors, among others, and does not assign any particular weighting or priority to any of the factors.

In conducting its 2019 director search, the nominating and corporate governance committee emphasized the above criteria, including in instructing Heidrick & Struggles, a leading executive search services firm that the nominating and corporate governance committee retained to assist it in identifying, interviewing, evaluating and recommending potential candidates. Following an extensive search in which numerous highly-qualified candidates from a variety of backgrounds were considered, the nominating and corporate governance committee recommended Brian Stevens to the Board.

The brief biographical description of each director set forth below in Proposal 1 below includes the primary individual experience, qualifications, attributes and skills of each of our directors that led to the conclusion that each director should serve as a member of our board of directors at this time.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

Our board of directors currently consists of nine members. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election until the third annual meeting following the election. Our directors are divided into the three classes as follows:

- ***Class I directors***: Susan L. Bostrom, Steven J. Gomo and Jeffrey T. Parks, whose terms will expire at the annual meeting of stockholders to be held after the end of the fiscal year ending July 31, 2020;
- ***Class II directors***: Craig Conway, Michael P. Scarpelli and Brian Stevens, whose terms will expire at the annual meeting of stockholders to be held after the end of the fiscal year ending July 31, 2021; and
- ***Class III directors***: John McAdam, Ravi Mhatre and Dheeraj Pandey, whose terms will expire at the upcoming Annual Meeting unless re-elected.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control of Nutanix.

Messrs. McAdam, Mhatre and Pandey are currently Class III directors of Nutanix. Messrs. Mhatre and Pandey have each been nominated to continue to serve as Class III directors, and each of these nominees has agreed to stand for re-election at the Annual Meeting. Our management has no reason to believe that Messrs. Mhatre and Pandey will be unable to serve. If elected at the Annual Meeting, Messrs. Mhatre and Pandey would serve until the annual meeting of stockholders to be held after the end of fiscal 2022 and until his successor has been duly elected, or if sooner, until the director's death, resignation or removal. Due to personal reasons, Mr. McAdam is retiring from our board of directors effective as of the end of his current term of office, which will expire at the Annual Meeting. As a result of his retirement, Mr. McAdam will not stand for re-election at the Annual Meeting. Mr. McAdam's decision to retire and not stand for re-election at the Annual Meeting is solely for personal reasons and not due any disagreements with the Company on any matter, including relating to the Company's operations, policies or practices. In light of Mr. McAdam's retirement, our board of directors has resolved to reduce the size of the board from nine to eight members, effective as of the expiration of Mr. McAdam's term of office at the Annual Meeting.

Vote Required

Directors are elected by a plurality of the voting power of the shares present at the meeting or represented by proxy and entitled to vote on the election of directors. **WITHHOLD** votes and broker non-votes have no legal effect on the outcome. Accordingly, the two nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the two nominees named above. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead be voted for the election of a substitute nominee proposed by us.

Nominees

Our nominating and corporate governance committee seeks to assemble a board of directors that, as a group, can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of background and experience in various areas. To that end, the committee has identified and evaluated nominees in the broader context of our board's overall composition, with the goal of recruiting members who complement and strengthen the skills of other members and who also exhibit integrity, collegiality, sound business judgment and other qualities deemed critical to effective functioning of our board of directors. Each of the nominees listed below is currently a director. Each of Messrs. Mhatre and Pandey was appointed to our board of directors prior to our IPO.

Set forth below is biographical information for the nominees and each person whose term of office as a director will continue after the Annual Meeting. This includes information regarding each director's experience, qualifications, attributes or skills that led our board of directors to recommend them for board service.

Nominees for Re-Election at this Annual Meeting of Stockholders

Ravi Mhatre has served as our lead independent director since August 2015, and as a member of our board of directors since July 2010. Mr. Mhatre co-founded Lightspeed Venture Partners, a global technology venture capital firm, and has served as Managing Director of Lightspeed Venture Partners since August 1999. He currently serves on the board of directors of several private companies. Mr. Mhatre holds a B.S. in Electrical Engineering and a B.A. in Economics from Stanford University and an M.B.A. from Stanford University's Graduate School of Business. We believe Mr. Mhatre is qualified to serve as a member of our board of directors because of his significant corporate finance and business expertise gained from his experience in the venture capital and IT industries, including his time spent serving on the boards of directors of various technology companies. We also value his perspective as a representative of one of our largest stockholders.

Dheeraj Pandey co-founded our company and has served as our Chief Executive Officer and as the Chairman of our board of directors since our inception in September 2009, as well as our President from September 2009 until February 2016. Prior to co-founding our company, Mr. Pandey served as Vice President, Engineering at Aster Data Systems (now Teradata Corporation), a data management and analysis software company, from February 2009 to September 2009 and as its Director of Engineering from September 2007 to February 2009. Mr. Pandey has also served as a director of the board and an audit committee member of Adobe Inc., a multinational computer software company, since January 2019. Mr. Pandey holds a B. Tech. in Computer Science from the Indian Institute of Technology, Kanpur, a M.S. in Computer Science from the University of Texas at Austin and was a Graduate Fellow of Computer Science in the Ph.D. program at the University of Texas at Austin. We believe that the perspective and experience that Mr. Pandey brings as our Chief Executive Officer and Chairman uniquely qualify him to serve on our board of directors.

Directors Continuing in Office Until the Annual Meeting of Stockholders After the End of the Fiscal Year Ending July 31, 2020

Susan L. Bostrom has served as a member of our board of directors since October 2017. Ms. Bostrom served as Executive Vice President, Chief Marketing Officer, Worldwide Government Affairs of Cisco Systems, Inc., a networking equipment provider, from January 2006 to January 2011. Prior to that, from 1997 to January 2006, Ms. Bostrom served in various positions at Cisco, including Senior Vice President, Global Government Affairs and the Internet Business Solutions Group and Vice President of Applications and Services Marketing. Ms. Bostrom currently serves on the boards of directors of Cadence Design Systems, Inc., an electronic design software company, ServiceNow, Inc., a company providing cloud-based solutions, and Anaplan, Inc., a software company.

Ms. Bostrom previously served as a member of the board of directors of Varian Medical Systems, Inc., a manufacturer of medical devices and software, from February 2005 until February 2019, Rocket Fuel Inc., an artificial intelligence media buying company, from February 2013 until its acquisition by Sizmek, Inc. in September 2017, and Marketo, Inc., a provider of software as a service marketing automation solutions, from May 2012 until its acquisition by Vista Equity Partners in August 2016. Ms. Bostrom holds a B.S. in Business from the University of Illinois and an M.B.A. from the Stanford Graduate School of Business. We believe that Ms. Bostrom is qualified to serve as a member of our board of directors due to her extensive experience and leadership roles in the technology industry, and her experience serving on the board of directors of several public companies.

Steven J. Gomo has served as a member of our board of directors since June 2015. Mr. Gomo served as Executive Vice President, Finance and Chief Financial Officer of NetApp, Inc., a storage and data management company from October 2004 until his retirement in December 2011, as well as Senior Vice President, Finance and Chief Financial Officer from August 2002 to September 2004. He currently serves as a member of the board of directors and chairman of the audit committee of each of Enphase Energy, Inc., a solar energy management device maker, and Micron Technology, Inc., a developer and manufacturer of semiconductor memory products. Mr. Gomo also previously served on the board of directors of NetSuite Inc., a business management software company, from March 2012 until it was acquired by Oracle Corporation in November 2016. Mr. Gomo also served on the board of directors of SanDisk Corporation, a flash memory storage solutions and software company, from December 2005 until the company was acquired by Western Digital Corporation in May 2016. Mr. Gomo holds a B.S. in Business Administration from Oregon State University and an M.B.A. from Santa Clara University. We believe Mr. Gomo is qualified to serve as a member of our board of directors because of his substantial corporate governance, operational and financial expertise gained from holding various executive positions at publicly-traded technology companies and from serving on the board of directors of several public companies.

Jeffrey T. Parks has served as a member of our board of directors since December 2013. Mr. Parks co-founded and has been a general partner of Riverwood Capital, a private equity firm, since January 2008. Mr. Parks currently serves on the board of directors of several privately-held companies. Prior to co-founding Riverwood Capital, Mr. Parks served as an investment executive with KKR & Co. L.L.P., a private equity firm, as an investment professional in the Principal Opportunities Fund at Oaktree Capital Management, an asset management firm, and as an investment banker at UBS, a global financial services company. Mr. Parks holds dual B.A. degrees in Economics and Mathematics from Pomona College, where he currently serves on the Board of Trustees. We believe Mr. Parks is qualified to serve as a member of our board of directors because of his extensive corporate governance and management experience with technology companies, including as a director and private equity investor.

Directors Continuing in Office Until the Annual Meeting of Stockholders After the End of the Fiscal Year Ending July 31, 2021

Craig Conway has served as a member of our board of directors since October 2017. Mr. Conway previously served as President and Chief Executive Officer of PeopleSoft, Inc., an enterprise application software company, from 1999 to 2004. Mr. Conway currently serves on the board of directors of Salesforce.com, a cloud-based customer relationship management company. Mr. Conway previously served as a director of Advanced Micro Devices, Inc., a semiconductor company, from September 2009 until May 2013, and Guidewire Software, Inc., a provider of software products to insurance companies, from December 2010 until January 2019. Mr. Conway holds a B.S. in Computer Science and Mathematics from the State University of New York at Brockport. We believe that Mr. Conway is qualified to serve as a member of our board of directors based on his extensive and broad management experience, gained from his background as the president and chief executive officer of multiple technology companies and from serving on the board of directors of several public companies.

Michael P. Scarpelli has served as a member of our board of directors since December 2013. Mr. Scarpelli has also served as Chief Financial Officer of Snowflake Inc., a company providing cloud-based solutions, since August 2019. Mr. Scarpelli previously served as Chief Financial Officer of ServiceNow, Inc., a company providing cloud-based solutions, from August 2011 to August 2019; as Senior Vice President of Finance and Business Operations of the Backup Recovery Systems Division at EMC Corporation, a computer data storage company, from July 2009 to August 2011; and as Chief Financial Officer of Data Domain, Inc., an information technology company, from September 2006 to July 2009, when it was acquired by EMC. Mr. Scarpelli holds a B.A. in

Economics from the University of Western Ontario. We believe Mr. Scarpelli is qualified to serve as a member of our board of directors because of his substantial corporate governance, operational and financial expertise gained as an executive at several companies in the technology industry.

Brian M. Stevens has served as a member of our board of directors since June 2019. Mr. Stevens has served as Executive Chairman of Neural Magic, a private machine learning company, since July 2019. He previously served as Chief Technology Officer from April 2017 to May 2019 and as Vice President of Product from September 2014 to May 2019 of Google Cloud, where he was responsible for leading the technology vision for Google's public cloud offering. Prior to Google, from November 2001 until September 2014, Mr.Stevens served in various positions at Red Hat, Inc., a open source solutions company, including as Chief Technology Officer and Executive Vice President of Worldwide Engineering from September 2013 until September 2014. Mr. Stevens has also served on various boards in the past including the American Red Cross, IEEE, Pentaho, Data Gravity, and the Open Stack Foundation. He holds a B.S. in Computer Science from the University of New Hampshire and an M.S. in Computer Systems from Rensselaer Polytechnic Institute. We believe Mr. Stevens is qualified to serve as a member of our board of directors because of his extensive business experience and expertise in our industry, gained from his substantial leadership roles as well as his time spent serving on the boards of other technology companies.

Non-Continuing Director

John McAdam has served as a member of our board of directors since August 2015. Mr. McAdam currently also serves as a director, and was previously the Chairman of the board of directors, of F5 Networks, Inc., a developer and provider of software-defined application services, for which he served as President and Chief Executive Officer from July 2000 to July 2015 and again from December 2015 until his retirement in April 2017. He also served on the board of directors of Tableau Software, Inc., a business intelligence software company, from December 2012 to August 2019 and Apptio, Inc., a technology business management solutions company, from January 2013 to January 2019. Mr. McAdam holds a B.S. in Computer Science from the University of Glasgow, Scotland. We believe Mr. McAdam is qualified to serve on our board of directors because of his extensive executive management experience and substantial expertise in our industry.

Our board of directors recommends a vote **FOR** each Class III director nominee above.

DIRECTOR COMPENSATION

Fiscal 2019 Director Compensation Table

The following table provides information for all compensation awarded to, earned by or paid to each person who served as a non-employee director in the fiscal year ended July 31, 2019. Mr. Pandey, our CEO and Chairman, is not included in the table below because he did not receive additional compensation for his service as a director. The compensation received by Mr. Pandey as an employee is shown in "*Executive Compensation - Executive Compensation Tables - Fiscal 2019 Summary Compensation Table*."

Name	Fees Earned or Paid in Cash ($)	Stock Awards[1] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Susan L. Bostrom	—	242,347	—	—	—	—	242,347
Craig Conway	—	237,796	—	—	—	—	237,796
Steven J. Gomo	—	249,232	—	—	—	—	249,232
John McAdam[2]	—	242,347	—	—	—	—	242,347
Ravi Mhatre	—	338,391	—	—	—	—	338,391
Jeffrey T. Parks	—	331,545	—	—	—	—	331,545
Michael P. Scarpelli	—	324,698	—	—	—	—	324,698
Brian M. Stevens[3]	—	142,399	—	—	—	—	142,399

(1) The amounts reported in this column represent the aggregate grant date fair value of the restricted stock units, or RSUs, granted, as computed in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification Topic 718, Compensation—Stock Compensation, or ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for our fiscal year ended July 31, 2019, filed with the SEC on September 24, 2019. These amounts do not necessarily correspond to the actual value that may be recognized by the director upon the vesting of such awards.

(2) Mr. McAdam is retiring from our board of directors effective as of the end of his current term of office, which will expire at the Annual Meeting. As a result of his retirement, Mr. McAdam will not stand for re-election at the Annual Meeting.

(3) Mr. Stevens joined our board of directors on June 1, 2019 and received a prorated annual grant under our current amended and restated outside director compensation policy.

Our non-employee directors held the following outstanding option and RSU awards as of July 31, 2019. The table excludes Mr. Pandey, whose outstanding awards are reflected in the section entitled "*Executive Compensation - Executive Compensation Tables - Outstanding Equity Awards at Fiscal 2019 Year-End Table*."

Name	# of Outstanding Options (in shares)	# of Outstanding RSUs (in shares)
Susan L. Bostrom	—	18,190
Craig Conway	—	18,073
Steven J. Gomo	—	6,407
John McAdam	—	11,543
Ravi Mhatre	—	8,699
Jeffrey T. Parks	—	8,523
Michael P. Scarpelli	75,000	8,347
Brian M. Stevens	—	5,073

Non-Employee Director Compensation Policy

In October 2018, our board of directors approved changes to our non-employee director compensation policy. Pursuant to the updated policy, our non-employee directors are compensated entirely through equity awards, which the board of directors believes best aligns the long-term interests of our directors and our stockholders. Non-employee directors receive no other form of remuneration, perquisites or benefits, but are reimbursed for their reasonable travel expenses incurred in attending board and committee meetings.

Pursuant to the policy, our non-employee directors will receive the RSU awards described below. In the event of a change of control, each RSU award granted pursuant to the policy may be subject to accelerated vesting in accordance with the terms of the 2016 Equity Incentive Plan.

Annual Grant

On the date of each annual meeting of our stockholders, each non-employee director will be granted an award of RSUs with a total dollar value, or the Annual Award Value, based on board and committee service as follows:

Board Member	$330,000
Lead Independent Director	$20,000

Committee Awards	Chair	Member
Audit	$25,000	$12,500
Compensation	$20,000	$10,000
Nominating and Corporate Governance	$10,000	$ 5,000

Notwithstanding the above, on the date of each annual meeting of our stockholders, each non-employee director who holds an initial grant with a multi-year vesting schedule, or an Initial Grant, any portion of which is unvested as of the date of such annual meeting, or a Currently Vesting Director, will be granted an award of RSUs with the portion of the Annual Award Value for service as a Board member equal to $255,000.

Each such annual RSU grant will vest in full on the earlier of (i) the day prior to the next annual meeting held after the date of grant or (ii) the one-year anniversary of the date of grant, in each case subject to the non-employee director continuing to provide service as a director through the applicable vesting date.

Prorated Grants

For Currently Vesting Directors. Upon the completion of the vesting of an Initial Grant, a Currently Vesting Director will receive a RSU award with a total dollar value equal to a prorated portion of $75,000, based on the number of days between the first day of the week in which the grant is made and the day prior to the next annual meeting of our stockholders.

For New Directors. New directors will receive a RSU award with a total dollar value equal to a prorated portion of the Annual Award Value, based on the number of days between the first day of the week in which the grant is made and the day prior to the next annual meeting of our stockholders.

Each such prorated RSU grant will vest in full on the day prior to the next annual meeting held after the date of grant, in each case subject to the non-employee director continuing to provide service as a director through the applicable vesting date.

Stock Ownership Guidelines

Our stock ownership guidelines provide that each non-employee director is expected to attain a minimum share ownership position with an aggregate value equal to the value of his or her annual equity award for service on the board of directors (not including any equity awards for serving as lead independent director or a member or chair of any committees) as follows: (i) for existing directors other than Mr. Stevens, by the annual stockholders meeting to occur in 2020, (ii) for Mr. Stevens, who joined our board of directors on June 1, 2019, by the annual stockholders meeting to occur in 2022, and (iii) for any new directors, by the fourth annual stockholders meeting after the date such director joined the board of directors.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the executive officer and director compensation arrangements discussed in the sections titled "*Corporate Governance at Nutanix - Director Compensation*" and "*Executive Compensation*," the following is a description of each transaction since August 1, 2018 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, nominees for election as directors, executive officers or beneficial holders of more than 5% of any class of our capital stock, or entities affiliated with them, or any immediate family members of or person sharing the household with any of these individuals, had or will have a direct or indirect material interest.

Transactions with Directors and Officers

In March 2017, we entered into an agreement with ServiceNow, Inc., a company that provides service management software as a service, for which one of our non-employee directors, Michael P. Scarpelli, served as the Chief Financial Officer until August 2019. Pursuant to the agreement, we will purchase ServiceNow products and services over a 33-month term for a total value of approximately $673,000. During the fiscal year ended July 31, 2019, we purchased approximately $434,000 of products and services from ServiceNow under this agreement. Mr. Scarpelli had no involvement in the negotiation of the agreement, and resigned from ServiceNow in August 2019.

Equity Awards to Executive Officers and Directors

We have granted equity awards to our Named Executive Officers. For a description of these stock awards, see the section titled "*Executive Compensation - Executive Compensation Tables - Outstanding Equity Awards at Fiscal 2019 Year-End Table*."

Policies and Procedures for Related Party Transactions

We have a formal written policy providing that our executive officers, directors, nominees for election as directors, beneficial owners of more than 5% of any class of our common stock and any member of the immediate family of any of the foregoing persons, is not permitted to enter into a related party transaction with us without the consent of our audit committee, subject to the exceptions described below.

In approving or rejecting any such proposal, our audit committee is to consider the relevant facts and circumstances available and deemed relevant to our audit committee, including, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, and the extent of the related party's interest in the transaction. Our audit committee has determined that certain transactions will not require audit committee approval, including certain employment arrangements of executive officers, director compensation, transactions with another company at which a related party's only relationship is as a non-executive employee, director or beneficial owner of less than 10% of that company's shares and the aggregate amount involved does not exceed the greater of $200,000 or 2% of the recipient's consolidated gross revenues in any fiscal year, transactions where a related party's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis, and transactions available to all employees generally.

We believe that we have executed all of the transactions set forth above on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates are approved by the audit committee of our board of directors and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

AUDIT COMMITTEE MATTERS

PROPOSAL NO. 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit committee has re-appointed Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2020 and has further directed that management submit this selection for ratification by the stockholders at the Annual Meeting. Although ratification by stockholders is not required by law, we have determined that it is good practice to request ratification of this selection by the stockholders. In the event that Deloitte & Touche LLP is not ratified by our stockholders, the audit committee will review its future selection of Deloitte & Touche LLP as our independent registered public accounting firm.

Deloitte & Touche LLP audited our financial statements for the fiscal years ended July 31, 2017, 2018 and 2019. Representatives of Deloitte & Touche LLP are expected to be present during the Annual Meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

Our board of directors is submitting this selection as a matter of good corporate governance and because we value our stockholders' views on our independent registered public accounting firm. Neither our amended and restated bylaws nor other governing documents or law require stockholder ratification of the selection of our independent registered public accounting firm. If the stockholders fail to ratify this selection, our board of directors will reconsider whether or not to retain that firm. Even if the selection is ratified, our board of directors may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of Nutanix and its stockholders.

Vote Required

An affirmative vote from holders of a majority in voting power of the shares present at the meeting or represented by proxy and entitled to vote on the proposal will be required to ratify the selection of Deloitte & Touche LLP. Abstentions will have the effect of a vote **AGAINST** the proposal and broker non-votes will have no effect.

Principal Accountant Fees and Services

The following table provides the aggregate fees for services provided by Deloitte & Touche LLP for the fiscal years ended July 31, 2018 and 2019.

	Fiscal Year Ended July 31,	
	2018	**2019**
Audit fees(1)	$3,597,500	$3,395,000
Audit-related fees(2)	195,000	185,000
Tax fees(3)	703,234	737,892
Total fees	$4,495,734	$4,317,892

(1) Consists of fees for professional services rendered in connection with the audit of our consolidated financial statements, including audited financial statements presented in our Annual Report on Form 10-K, review of the interim consolidated financial statements included in our quarterly reports and services normally provided in connection with regulatory filings.

(2) Consists of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees."

(3) Consists of fees for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and international tax compliance.

Pre-Approval Policies and Procedures

Consistent with the requirements of the SEC and the Public Company Accounting Oversight Board, or PCAOB, regarding auditor independence, the audit committee has responsibility for appointing, setting compensation, retaining and overseeing the work of our independent registered public accounting firm. In recognition of this responsibility, the audit committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm, Deloitte & Touche LLP. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services and tax services up to specified amounts. Pre-approval may also be given as part of the audit committee's approval of the scope of the engagement of the independent auditor or on an individual, explicit, case-by-case basis before the independent auditor is engaged to provide each service.

All of the services provided by Deloitte & Touche LLP for our fiscal years ended July 31, 2018 and 2019 described above were pre-approved by the audit committee or our board of directors. Our audit committee has determined that the rendering of services other than audit services by Deloitte & Touche LLP is compatible with maintaining the principal accountant's independence.

Our board of directors recommends a vote **FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2020.

REPORT OF THE AUDIT COMMITTEE

The audit committee has reviewed and discussed the audited financial statements for the fiscal year ended July 31, 2019 with the management of Nutanix. The audit committee has discussed with its independent registered public accounting firm, Deloitte & Touche LLP, the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees,* as amended, as adopted by the PCAOB. The audit committee has also received the written disclosures and the letter from its independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants' communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence. Based on the foregoing, the audit committee has recommended to our board of directors that the audited financial statements be included in Nutanix's Annual Report on Form 10-K for the fiscal year ended July 31, 2019.

The Audit Committee

Michael P. Scarpelli (Chair)
Steven J. Gomo
Jeffrey T. Parks

The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of Nutanix under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

OUR EXECUTIVE OFFICERS

The following is biographical information for our current executive officers not discussed above, as of the date of this proxy statement:

Name	Age	Position/Office Held With Nutanix
Dheeraj Pandey	44	Chief Executive Officer and Chairman
Duston M. Williams	61	Chief Financial Officer
David Sangster	55	Chief Operating Officer
Tyler Wall	53	Chief Legal Officer

Our board of directors chooses our executive officers, who then serve at the board's discretion. There are no family relationships among any of our directors or executive officers.

For biographical information regarding Mr. Pandey, please refer to the section above titled "*Proposal No. 1: Election of Directors*."

Duston M. Williams has served as our Chief Financial Officer since June 2014. Prior to joining us, Mr. Williams served as Chief Financial Officer for Gigamon Inc., a network security company, from March 2012 until June 2014. From March 2011 to January 2012, he served as Chief Financial Officer for SandForce, Inc., a data storage company acquired by LSI Corporation. From July 2010 to February 2011, Mr. Williams served as the Chief Financial Officer of Soraa, Inc., a solid state lighting company. From June 2006 to June 2010, Mr. Williams served as Vice President and Chief Financial Officer of Infinera Corporation, an optical networking systems provider. Mr. Williams holds a B.S. in Accounting from Bentley College and an M.B.A. from the University of Southern California.

David Sangster has served as our Chief Operating Officer since March 2019 and was our Executive Vice President, Engineering & Operations from February 2018 to March 2019, our Executive Vice President, Support & Operations from February 2016 to February 2018, our Senior Vice President, Operations from April 2014 to February 2016, and Vice President, Operations from December 2011 to April 2014. Prior to joining us, Mr. Sangster served as Vice President, Manufacturing Technology at EMC Corporation, an IT storage hardware solutions company, from July 2009 to December 2011. Mr. Sangster holds a B.S. in Mechanical Engineering from Massachusetts Institute of Technology, an M.S. in Manufacturing Systems Engineering from Stanford University and an M.B.A. in Operations and Marketing from Santa Clara University.

Tyler Wall has served as our Chief Legal Officer since November 2017. Prior to joining us, Mr. Wall was the Senior Vice President, General Counsel, at Red Book Connect, LLC, a restaurant industry SaaS and technology solutions company, from April 2014 to September 2017. Prior to that, Mr. Wall was the Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary at Brocade, a supplier of networking hardware, software, and services, from 2005 to April 2014. Mr. Wall holds a B.S. in Economics from University of Utah, a J.D. from Santa Clara University - School of Law, and an M.B.A. from Santa Clara University - School of Business.

Former Executive Officers

The following is biographical information for Louis J. Attanasio and Sunil Potti, our former Chief Revenue Officer and our former Chief Product and Development Officer, respectively, who are no longer executive officers of the Company as of the date of this proxy statement, but who were Named Executive Officers of the Company for our fiscal year ended July 31, 2019:

Name	Age	Position/Office Held With Nutanix
Louis J. Attanasio	60	Former Chief Revenue Officer
Sunil Potti	48	Former Chief Product and Development Officer

Louis J. Attanasio served as our Chief Revenue Officer from November 2017 to March 2019. From May 2016 until November 2017, Mr. Attanasio served as Executive Vice President and Chief Revenue Officer for Informatica LLC, a data integration and management company. From 1979 to April 2016, he served in various roles at International Business Machines, or IBM, a manufacturer of computer hardware and software, most recently as General

Manager Global Sales, IBM Hybrid Cloud, General Manager Global Sales, IBM Systems Middleware, Vice President Global Sales, Cloud & Smarter Infrastructure and Vice President Software Sales, North America - East. Mr. Attanasio holds an A.A.S. in Electronics from Rockland Community College - State University of New York.

Sunil Potti served as our Chief Product and Development Officer from February 2016 to June 2019 and was our Senior Vice President, Engineering and Product Management from January 2015 to February 2016. Prior to joining us, Mr. Potti was with Citrix Systems, Inc., a cloud and mobile computing technology company, from April 2009 to January 2015, where he most recently served as Vice President and General Manager and previously as Vice President, Product Management and Marketing. Mr. Potti holds a B.E. in Computer Science from Osmania University and an M.S. in Computer Science from Pennsylvania State University.

EXECUTIVE COMPENSATION

PROPOSAL NO. 3: NON-BINDING ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables stockholders to approve, on an advisory or non-binding basis, the compensation of our Named Executive Officers as disclosed pursuant to Section 14A of the Exchange Act. This proposal, commonly known as a "Say-on-Pay" proposal, gives our stockholders the opportunity to express their views on our Named Executive Officers' compensation as a whole. This vote is not intended to address any specific item of compensation or any specific Named Executive Officer, but rather the overall compensation of all of our Named Executive Officers and the philosophy, policies and practices described in this proxy statement.

The say-on-pay vote is advisory, and therefore not binding on us. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies and practices, which the compensation committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. Our board of directors and our compensation committee value the opinions of our stockholders and to the extent there is any significant vote against the Named Executive Officer compensation as disclosed in this proxy statement, we will communicate directly with stockholders to better understand the concerns that influenced the vote, consider our stockholders' concerns, and the compensation committee will evaluate whether any actions are necessary to address those concerns.

We believe that the information provided in the "*Executive Compensation*" section of this proxy statement, and in particular the information discussed in "*Executive Compensation - Compensation Discussion and Analysis*," demonstrates that our executive compensation program was designed appropriately and is working to ensure management's interests are aligned with our stockholders' interests to support long-term value creation. Accordingly, we ask our stockholders to vote **FOR** the following resolution at the Annual Meeting:

> "*RESOLVED, that the stockholders approve, on a non-binding advisory basis, the compensation paid to the Company's Named Executive Officers, as disclosed in the proxy statement for the Annual Meeting pursuant to the compensation disclosure rules of the Securities Exchange Commission, including in the Compensation Discussion and Analysis, the compensation tables and the narrative discussions that accompany the compensation tables.*"

Vote Required

The non-binding advisory vote on executive compensation requires the affirmative vote of a majority of the voting power of the shares present at the meeting or represented by proxy and entitled to vote on the proposal. Abstentions will have the effect of a vote **AGAINST** the proposal and broker non-votes will have no effect.

Our board of directors recommends a vote **FOR** the approval, on a non-binding advisory basis, of the compensation of our Named Executive Officers, as disclosed in this proxy statement.

COMPENSATION DISCUSSION AND ANALYSIS

The compensation provided to our Named Executive Officers for our fiscal year ended July 31, 2019 is set forth in detail in the "*Fiscal 2019 Summary Compensation Table*" and the other tables that follow in this Compensation Discussion and Analysis. The following discussion provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each component of compensation that we provide to our Named Executive Officers. In addition, we explain how and why the compensation committee of our board of directors arrived at the specific compensation policies and decisions for our Named Executive Officers. The following are the individuals who served as our Named Executive Officers during our fiscal year ended July 31, 2019, or a portion thereof:

- Dheeraj Pandey, Chief Executive Officer and Chairman;
- Duston M. Williams, Chief Financial Officer;
- David M. Sangster, Chief Operating Officer;
- Tyler Wall, Chief Legal Officer;
- Louis J. Attanasio, former Chief Revenue Officer; and
- Sunil Potti, former Chief Product and Development Officer.

Our board of directors has delegated to the compensation committee the authority and responsibility for establishing and overseeing salaries, administering the incentive compensation programs, and establishing and overseeing other forms of compensation for our executive officers, general remuneration policies for the balance of our employee population and for overseeing and administering our equity incentive and benefit plans.

EXECUTIVE SUMMARY

Our goal is to create an executive compensation program that attracts and motivates the top executives who are essential for building Nutanix into the enterprise cloud platform company that we aspire to be. Achieving this goal depends on our continued discipline as we execute on our growth strategy, transition our business to a subscription-based business model, and continue to significantly invest in our business in order to build scale and increase our leadership in our industry. Since our IPO in 2016, our business has grown significantly, and maintaining this growth requires the intense focus and dedication of our executives. The velocity of our growth has also required that we recruit and retain seasoned leaders who are experienced in navigating the complexities of significant growth and who can continue to grow a company at scale. Accordingly, we continue to design and update our executive compensation programs to match the maturity, size, scale, growth, business model and continuing aspirations of our business to create value for our stockholders. We operate in a highly competitive and rapidly evolving market, and our ability to compete and succeed in this dynamic environment is directly correlated to our ability to recruit, incentivize and retain talented and seasoned top-caliber technology leaders. The market for skilled management and personnel that we seek to hire and retain is fiercely competitive, therefore our executive compensation programs are critical in supporting the growth of our business.

This executive summary provides an overview of:

- Our fiscal 2019 business highlights;
- Our executive compensation practices; and
- Our Say-on-Pay vote for executive compensation and Say-on-Pay frequency vote.

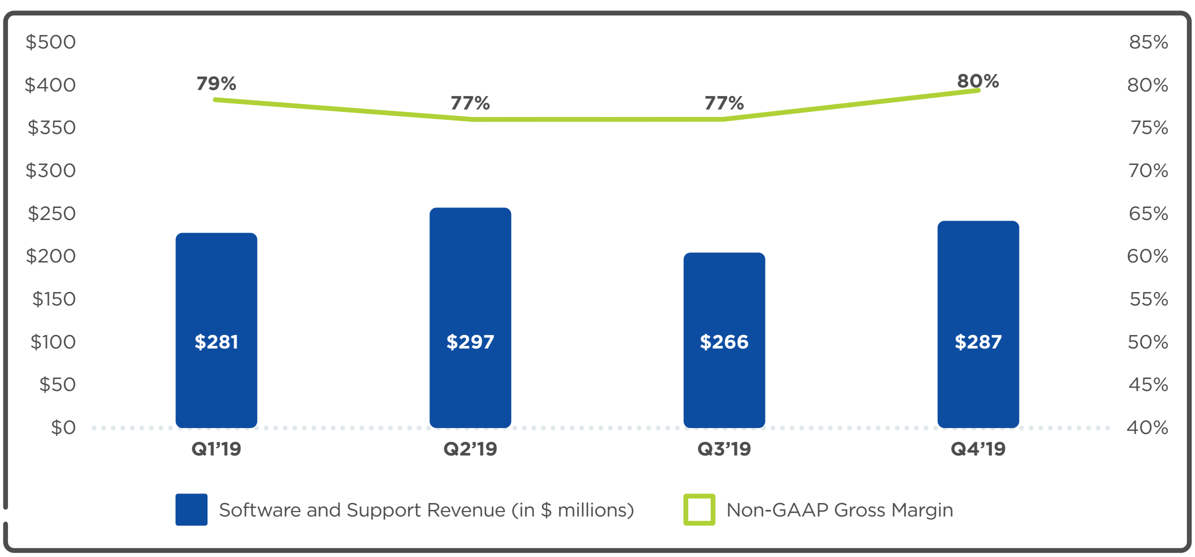
Fiscal 2019 Business Highlights

In fiscal 2019, in addition to completing our transition to a software-centric business model, we made significant progress on our on-going transition toward a subscription-based business model. For example, our subscription billings increased to 60.5% of total billings in fiscal 2019, up 19 percentage points from fiscal 2018, and our subscription revenue reached $648.4 million, representing a year-over-year increase of 96.1%. These transitions - first to a software-centric business model, and now toward a subscription-based business model - have had, and may continue to have, adverse near-term impacts on our business, financial performance and stock price, and have resulted in shifts to our targets with respect to certain top-line metrics (such as total revenue and total billings). However, we believe we have a unique opportunity many other companies may not have, and will continue to focus on capturing this large and growing market opportunity, which requires that we continue to heavily invest in our business. In particular, our on-going subscription transition aims to capitalize on the hybrid cloud paradigm shift in our industry and provide our customers the freedom to choose the way they consume our enterprise cloud platform based on their specific business needs. As we continue with this subscription transition, our life-of-device licensing models will be increasingly replaced by term-based licenses, thereby providing our customers with a subscription consumption option that more closely matches the way they consume third-party public cloud services and, ultimately, true license portability across hybrid cloud deployments. As a result, despite the near-term impacts, we believe that our business model transitions will help us capture a larger portion of the market and ultimately contribute to our long-term growth.

Therefore, we designed the annual incentive component of our fiscal 2019 executive compensation program to align with key performance measures, such as the imputed software value on bookings, that we believe to be indicators of our success through these business model transitions.

Our financial and business results in fiscal 2019 provide context for stockholders reviewing our executive compensation disclosures:

- Fiscal 2019 total revenue grew to $1.24 billion, up from $1.16 billion in fiscal 2018, reflecting the reduction of pass-thru hardware from $257.3 million in fiscal 2018 to only $105.3 million in fiscal 2019, and the further revenue compression from the Company's ongoing transition to a subscription-based business model. Fiscal 2019 software and support revenue grew to $1.13 billion, up 26% year-over-year from $898.1 million in fiscal 2018, which may have been higher without the revenue compression from the Company's ongoing transition to a subscription-based business model. Information on the disaggregation of revenue is set forth on page 50 of our Annual Report on Form 10-K, as filed with the SEC on September 24, 2019.



- Fiscal 2019 GAAP gross margin increased to 75.4%, up from 66.6% in fiscal 2018; non-GAAP gross margin increased to 78.1%, up from 68.1% in fiscal 2018. We ended fiscal 2019 with a fourth quarter GAAP gross margin of 77.0%, up from 75.9% in the fourth quarter of fiscal 2018 and non-GAAP gross margin of 80.0%, up from 77.7% in the fourth quarter of fiscal 2018. The reconciliation of GAAP gross margin and non-GAAP gross margin is set forth on page 53 of our Annual Report on Form 10-K, as filed with the SEC on September 24, 2019.
- Approximately 990 new end customers were added in the fourth quarter of fiscal 2019, bringing our total end customer count as of July 31, 2019 to over 14,180, up from approximately 10,600 as of July 31, 2018, which included over 800 Global 2000 customers as of July 31, 2019, up from over 700 total Global 2000 customers as of July 31, 2018.
- In fiscal 2019, we closed 276 deals worth more than $1 million, of which 111 were with customers in the Global 2000 and 26 were worth more than $5 million. We now have 16 customers that have spent over $20 million with us in lifetime bookings, of which 6 were over $30 million in lifetime bookings. We have 46 customers with over $10 million in lifetime bookings, up from 26 at the end of fiscal 2018.
- In fiscal 2019, we made generally available our Xi Cloud Services, a new suite of offerings designed to create a more unified fabric across different cloud environments, giving IT teams the freedom to run their applications on the optimal platform.

We believe our Named Executive Officers' compensation for fiscal 2019 appropriately reflected and rewarded their collective contributions to our performance as they execute our business model transitions and longer-term ambitions. As we surpass $1.2 billion in total annual revenue, we have attracted and retained an executive management team of seasoned and accomplished leaders capable of driving growth at a larger scale, focusing on executing on our market opportunities, and leading us through our next phase of growth.

Executive Compensation Practices

We endeavor to maintain sound governance standards consistent with our executive compensation policies and practices. The compensation committee evaluates our executive compensation program on a regular basis to ensure consistency with our short-term and long-term goals, given the dynamic nature of our business and the market in which we compete for executive talent. The following policies and practices were in effect during fiscal 2019:

What We Do	What We Don't Do
* Performance-based cash and equity incentives * 100% independent compensation committee * Independent compensation consultant engaged by the compensation committee * Annual review of executive compensation strategy and risks, as well compensation practices of our peer group * Equity-based executive and director compensation to align with the interests of our stockholders * Multi-year vesting requirements for all time-based RSU awards granted to our executive officers * Multi-year vesting requirements for performance-based RSU, or PRSU, awards granted to certain of our executive officers * Our executives participate in broad-based company health and welfare benefits programs alongside all other full-time salaried employees * Our directors are compensated 100% with equity to align our directors with the long-term interests of our stockholders. * Director stock ownership guidelines.	* No retirement or pension-type plans other than the standard 401(k) offered to all employees * No perquisites and other personal benefits, other than standard benefits typically received by other employees * No tax gross-ups for change of control payments and benefits * No short sales, hedging, or pledging of stock ownership positions and transactions involving derivatives of our common stock * No strict benchmarking of compensation to a specific percentile of our peer group

Say-on-Pay Vote on Executive Compensation and Say-on-Pay Frequency Vote and Effect of Most Recent Say-on-Pay Vote

At the Annual Meeting, we will be conducting a non-binding, advisory vote on the compensation of our Named Executive Officers, or a Say-on-Pay vote, as described in Proposal No. 3 of this proxy statement. As previously disclosed, in our annual meeting of stockholders held on December 17, 2018, our stockholders approved, on a non-binding advisory basis, to hold future stockholder advisory votes on the compensation of our Named Executive Officers every one year.

Our compensation committee considers the results of the Say-on-Pay Vote on the compensation of our Named Executive Officers and stockholder feedback on our executive compensation program as part of its annual executive compensation review. At our 2018 annual meeting of stockholders, over 98% of the votes cast approved the compensation program for our Named Executive Officers as described in our 2018 proxy statement. Based on this strong stockholder support, our compensation committee determined not to make any significant changes to our existing executive compensation program and policies. Our compensation committee currently intends to continue to consider the results of the annual advisory vote on executive compensation and stockholder feedback as data points in making executive compensation decisions.

DISCUSSION OF OUR FISCAL 2019 EXECUTIVE COMPENSATION PROGRAM

Our executive compensation program is designed to attract, motivate and retain the key executives who drive our success and to align our executives with the long-term interests of our shareholders. This section provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program and each component of our executive compensation program. In addition, we explain how and why the compensation committee arrived at the specific compensation policies and decisions involving our executive compensation program.

Executive Compensation Philosophy

Our desire is to create a premier enterprise cloud platform software company, and our compensation philosophy is singularly focused on the achievement of that goal. We operate in a highly competitive business environment characterized by a rapidly changing market and frequent technological advances, and we expect competition among companies in our market to continue to increase. In the past several years, we have experienced a high level of growth and have focused our current business strategy on maintaining that growth at scale while also transitioning to a subscription-based business model. To successfully execute on this strategy in this dynamic environment, we need to recruit, incentivize and retain talented and seasoned leaders who are able to execute at the highest level and deliver stockholder value. We have structured our executive compensation program to align with this strategy by adopting a mix of short-term and long-term incentives, which we believe will motivate our executive officers to execute to our short-term and long-term growth strategy.

We actively compete with many other companies in seeking to attract and retain a skilled executive management team that has successfully and rapidly scaled and managed multi-billion dollar software businesses. This is especially challenging in the San Francisco Bay Area and Silicon Valley markets in which we have our headquarters, where there are a large number of rapidly expanding technology companies, especially in the software space, intensely competing for highly qualified candidates. We have responded to this intense competition for talent by implementing compensation practices designed to attract and motivate our executive officers to pursue our corporate objectives, while retaining them and incentivizing them to create long-term value for our stockholders, such that these executives can help lead us to become the premier software platform company we aspire to be.

Our executive compensation program combines short-term and long-term components, including salary, cash bonuses and equity awards. In particular, we have a strong belief that our employees should share in the ownership of Nutanix. Therefore, equity compensation is a significant part of our compensation packages, which we believe best aligns the interests of our employees with those of our stockholders.

Our compensation committee regularly reviews and adjusts our executive compensation program to align with the maturity, size, scale, growth and aspirations of our business. Due to the dynamic nature of our industry and our business, we expect to continue to adjust our approach to executive compensation to respond to our needs and market conditions as they evolve.

Executive Compensation Objectives

The current objectives of our executive compensation program are to:

- Attract, motivate and retain highly qualified executive officers who have successfully and rapidly scaled other technology companies, and who possess the skills and leadership to execute on our growth strategy and business model transition, and lead us to become the company we aspire to be to deliver long-term stockholder value;
- Reflect our growth-centric strategy, which includes significant investments for our future growth;
- Reward our executive officers for achieving or exceeding our strategic and financial performance goals; and
- Align the long-term goals of our executive officers and employees with those of our stockholders through a focus on ownership.

Compensation-Setting Process

Role of the Compensation Committee

Pursuant to its charter, the compensation committee is primarily responsible for establishing, approving and adjusting compensation arrangements for our Named Executive Officers, including our CEO, reviewing and approving corporate goals and objectives relevant to these compensation arrangements, evaluating executive performance against the backdrop of our corporate goals and objectives, and determining the long-term incentive component of our executive compensation arrangements in light of factors related to our performance, including accomplishment of our long-term business and financial goals. For additional information about the compensation committee, see "*Corporate Governance at Nutanix - Board of Directors and Its Committees - Compensation Committee*" in this proxy statement.

Compensation decisions for our executive officers are made by the compensation committee, with the input of its independent compensation consultant and our CEO and management team (except with respect to their own compensation). The compensation committee periodically reviews and, as necessary, adjusts the cash and equity compensation of our executive officers with the goal of ensuring that our executive officers are properly incentivized.

The compensation committee considers compensation data from our peer group as one of several factors that inform its judgment of appropriate parameters for target compensation levels. The compensation committee, however, does not strictly benchmark compensation to a specific percentile of our peer group, nor does it apply a formula or assign relative weights to specific compensation elements. In addition, while compensation peer group data is a factor, the compensation committee is forward-looking in aligning our executive compensation program with the unique growth opportunity we believe we have, and the risks associated with pursuing the opportunity, which are not captured by reviewing peer data.

The compensation committee makes compensation decisions after the consideration of many factors, including:

- The performance and experience of each executive officer;
- The scope and strategic impact of the executive officer's responsibilities and the criticality of the executive officer's role to the performance of the Company and achievement of our growth strategy and transition to a subscription-based model;
- Our past business performance and future expectations;
- Our long-term goals and strategies;
- The performance of our executive team as a whole;
- For each executive officer, other than our CEO, the recommendation of our CEO based on an evaluation of his or her performance;
- The difficulty and cost of replacing high-performing leaders with in-demand skills;
- The tenure and past compensation levels, including existing unvested equity, of each individual;
- The relative compensation among our executive officers; and
- The competitiveness of compensation relative to our peer group.

The compensation committee operates under a written charter adopted by our board of directors. A copy of the charter is posted on the investor relations section of our website located at *http://ir.nutanix.com*.

Role of Management

The compensation committee works with members of our management team, including our CEO and our human resources, finance and legal professionals (except with respect to their own compensation). Typically, our CEO makes recommendations to our compensation committee, regularly attends compensation committee meetings and is involved in the determination of compensation for our executive officers, except that our CEO does not make recommendations as to his own compensation. Because of his direct role overseeing our executive officers, our CEO makes recommendations to our compensation committee regarding short- and long-term compensation for all executive officers (other than himself) based on our results and aspirations, an individual executive officer's actual contribution toward, and ability to contribute to the achievement of, these results and aspirations, and performance toward individual goal achievement. Our compensation committee then reviews the recommendations and other data and makes decisions as to total compensation for each executive officer, as well as each individual compensation component.

Role of Compensation Consultant

The compensation committee is authorized, in its sole discretion, to retain the services of one or more compensation consultants, outside legal counsel and such other advisors as necessary to assist with the execution of its duties and responsibilities. For fiscal 2019, the compensation committee engaged Compensia, Inc., or Compensia, a nationally recognized compensation consulting firm, to conduct market research and analysis on our various executive positions, to assist the committee in developing appropriate incentive plans for our executives on an annual basis, to provide the committee with advice and ongoing recommendations regarding material executive compensation decisions, and to review compensation proposals of management. Compensia evaluated the following components to assist the committee in establishing executive compensation for fiscal 2019:

- Base salary;
- Target and actual annual incentive compensation;
- Target and actual total cash compensation (base salary and annual incentive compensation);
- Long-term incentive compensation (equity awards); and
- Beneficial ownership of our common stock.

Based on consideration of the factors specified in the SEC rules and Nasdaq listing standards, the compensation committee does not believe that its relationship with Compensia and the work of Compensia on behalf of the compensation committee and our management team has raised any conflicts of interest. The compensation committee reviews these factors on an annual basis. As part of the compensation committee's determination of Compensia's independence for fiscal 2019, it received written confirmation from Compensia addressing these factors and stating its belief that it remains an independent compensation consultant to the compensation committee.

Peer Group

The compensation committee reviews market data of companies that we believe are comparable to us. With Compensia's assistance, the compensation committee developed a peer group for use when making its fiscal 2019 compensation decisions, which consisted of companies that are located in the same geographical area and that had revenues, growth rates, market capitalization and/or a number of employees within a range similar to that of Nutanix. While the compensation committee takes into account compensation practices of the peer companies, the compensation committee uses this information as one of many factors in its deliberations on compensation matters, as described above, and does not set compensation levels to meet specific percentiles.

The compensation committee referred to compensation data from this peer group when making fiscal 2019 base salary, cash bonus and equity award decisions for our executive officers. The following is a list of the public companies that comprised our fiscal 2019 peer group:

Arista Networks	F5 Networks	Fortinet	Guidewire Software
New Relic	Okta	Palo Alto Networks	Pivotal Software
Proofpoint	Pure Storage	Red Hat	ServiceNow
Shopify	Splunk	Tableau Software	Twilio
Veeva Systems	VMware	Workday	

In May 2019, the compensation committee reviewed the compensation peer group that would be used for fiscal 2020 compensation decision making. In light of our comparable market capitalization at the time, comparable growth rate and annual revenue, and our continued transition toward a subscription-based business model, the compensation committee determined that Dropbox should be added to the peer group. The committee believes that this updated peer group provides even more comprehensive insight into market executive compensation practices as we continue our transition to a subscription-based business model, and will help further align our executive compensation with our business plans in the near and long term.

The following is a list of the public companies that comprise our fiscal 2020 peer group:

Arista Networks	Dropbox	F5 Networks	Fortinet
Guidewire Software	New Relic	Okta	Palo Alto Networks
Pivotal Software	Proofpoint	Pure Storage	Red Hat
ServiceNow	Shopify	Splunk	Tableau Software
Twilio	Veeva Systems	VMware	Workday

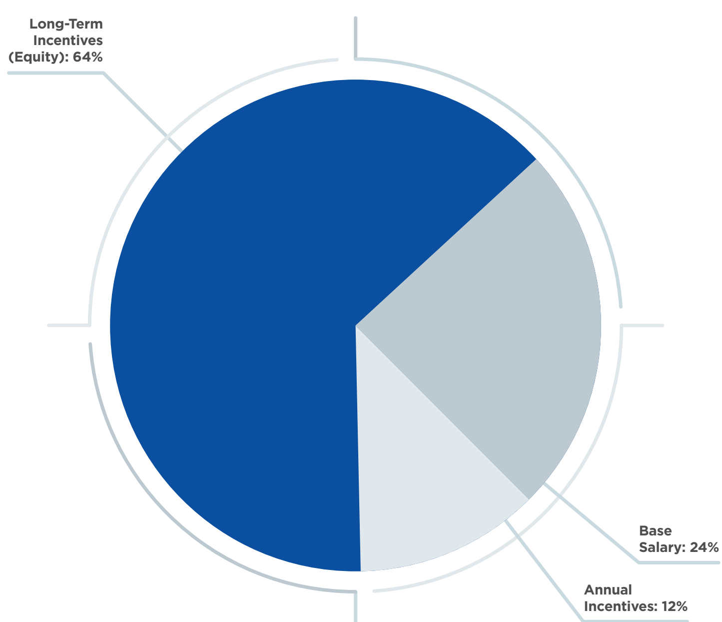
COMPONENTS OF COMPENSATION PROGRAM AND FISCAL 2019 COMPENSATION

Our executive compensation program consists of the following primary components:

- base salary;
- target and actual annual incentive compensation;
- long-term equity compensation;
- beneficial ownership of our common stock; and
- severance and change of control-related payments and benefits.

We also provide our executive officers with comprehensive employee benefit programs such as medical, dental and vision insurance, a 401(k) plan, life and disability insurance, flexible spending accounts, an employee stock purchase plan and other plans and programs generally made available to all of our eligible employees.

We believe these elements provide a compensation package that attracts and retains qualified individuals, links individual performance to Company performance, focuses the efforts of our Named Executive Officers and other executives on the achievement of both our short-term and long-term objectives and aligns the interests of our executive officers with those of our stockholders. In particular, our corporate culture encourages a long-term focus by our Named Executive Officers, as well as all our other employees, by placing a heavy emphasis on granting equity awards, the value of which depends on our stock performance and other performance measures, to achieve strong long-term performance. On average, our fiscal 2019 target compensation packages for our Named Executive Officers who were in office for the full fiscal year were comprised of 24% in base salary, 12% in annual incentives, and 64% in long-term incentives:



Base Salaries

We pay base salaries to our Named Executive Officers to compensate them for services rendered during the year and provide predictable income. Generally, we establish the initial base salaries of our executive officers at the time we hire the individual executive officer, taking into account the executive officer's experience, skills, knowledge, and scope of responsibilities, as well as benchmarking against our peer group. In addition, the competition in the market from which we recruit plays a role in setting salary levels due to the difficulty in recruiting candidates with the level of talent and experience we believe are necessary for us to execute on our business and growth plans. We do not apply specific formulas to determine changes in salaries. Instead, the salaries of our Named Executive Officers are reviewed on an annual basis by our CEO (other than his own salary, which is reviewed and determined by the compensation committee) and the compensation committee, based on their experience setting salary levels and in determining compensation for senior executives.

Fiscal 2019 Base Salaries

In October 2018, in connection with its review of our executive compensation program, our compensation committee approved adjustments to the base salaries of our Named Executive Officers (other than Mr. Attanasio), which were effective retroactively to October 1, 2018. Based on an analysis prepared by Compensia, the then-current base salary levels for several of our Named Executive Officers had been below the median or the 75th percentile, as applicable, for the comparable executive in our compensation peer group. Therefore, to reward each individual's performance and contribution to the Company's performance in fiscal 2018, account for cost-of-living increases in Silicon Valley, where all of our Named Executive Officers are or were based and, in the applicable instances, including with respect to our CEO, move base salaries closer towards or above the median of the competitive market, our compensation committee approved base salary increases for each Named Executive Officer, as set forth below.

Named Executive Officer	Base Salary	Percentage Increase from Fiscal 2018 Base Salary
Dheeraj Pandey	\$500,000(1)	25%
Duston M. Williams	\$450,000(1)	13%
David M. Sangster	\$400,000(1)	10%
Tyler Wall	\$400,000(1)	14%
Louis J. Attanasio	\$775,000(2)	0%
Sunil Potti	\$400,000(3)	10%

(1) Base salary as of July 31, 2019.

(2) Base salary as of March 8, 2019, Mr. Attanasio's last day of employment at the Company. Mr. Attanasio's base salary was determined in connection with his employment agreement, dated October 15, 2017. See the section below entitled "*Executive Compensation - Employment Arrangements*" for more details.

(3) Base salary as of June 21, 2019, Mr.Potti's last day of employment at the Company. See the section below entitled "*Executive Compensation - Employment Arrangements*" for more details.

Target and Actual Annual Incentive Compensation

Our board of directors has adopted our Executive Incentive Compensation Plan, or the Executive Bonus Plan. Our Executive Bonus Plan allows our compensation committee to provide incentive awards to employees selected by our compensation committee, including our Named Executive Officers.

Under our Executive Bonus Plan, our compensation committee determines the performance goals (if any) applicable to any award or portion of an award and may choose the performance goals from a wide range of possible metrics as set forth in the Executive Bonus Plan. The performance goals may differ from participant to participant and from award to award.

Our compensation committee administers our Executive Bonus Plan and may, in its sole discretion and at any time, increase, reduce or eliminate a participant's actual award, and/or increase, reduce or eliminate the amount allocated to the bonus pool for a particular performance period. The actual award may be below, at or above a participant's target award, at the discretion of the compensation committee. The compensation committee may determine the amount of any reduction on the basis of such factors as it deems relevant, and it is not required to establish any allocation or weighting with respect to the factors it considers.

Actual awards are paid in cash in a single lump sum only after they are earned, which usually requires continued employment through the last day of the performance period. If a participant terminates employment because of death or disability before the actual award is paid, the award may be paid to the participant's estate or to the participant, as applicable, subject to the compensation committee's discretion to reduce or eliminate the award. Payment of awards occurs as soon as administratively practicable after they are earned, but no later than the dates set forth in our Executive Bonus Plan.

Our board of directors and our compensation committee have the authority to amend, alter, suspend or terminate our Executive Bonus Plan, provided such action does not impair the existing rights of any participant with respect to any earned awards.

Fiscal 2019 Executive Bonus Plan

Each year, our compensation committee determines the terms and conditions for the Executive Bonus Plan for the year. In fiscal 2019, our compensation committee adopted and approved the terms and conditions for fiscal 2019, or the Fiscal 2019 Executive Bonus Plan, which provided for potential performance-based incentive payouts to our Named Executive Officers based on two general performance components. First, 80% of each Named Executive Officer's potential payout was based on our actual achievement of pre-established corporate objectives, as set forth in our annual operating plan. The target levels for the corporate objectives in our annual operating plan were set at levels determined to be challenging and requiring substantial skill and effort on the part of senior management. Second, the remaining 20% of each Named Executive Officer's potential payout was based on personal performance objectives for each Named Executive Officer that were aligned to our principal business goals in fiscal 2019. Payouts under the Fiscal 2019 Executive Bonus Plan ranged between 0% to 200% depending on achievement of the performance measures, with bonus payouts made as a lump sum payment every six months. In the first half of the year, the amount paid would be 50% of the calculated payout, based solely on achievement under the performance measures tied to pre-established corporate objectives with a minimum performance requirement of 100% achievement to receive the payment.

In October 2018, following review of an analysis prepared by Compensia, the dollar amount of the target annual incentive compensation opportunities increased for each of our Named Executive Officers (except for Messrs. Attanasio and Wall) as part of the compensation committee's annual analysis of the total cash compensation package provided to our executive officers. Messrs. Attanasio and Wall were not considered for adjustments to their annual bonus targets as they had each been with the Company for less than a year at the time the increases were approved. The target annual incentive compensation opportunities established under the Fiscal 2019 Executive Bonus Plan for our Named Executive Officers were as follows:

Named Executive Officer	Annual Bonus Target	Annual Bonus Target as a % of Base Salary	Change from Fiscal 2018 Bonus Target(1)
Dheeraj Pandey	$500,000	100%	25%
Duston M. Williams	$300,000	67%	15%
David M. Sangster	$275,000	69%	17%
Tyler Wall	$150,000	38%	—
Louis J. Attanasio(2)	$775,000	100%	—
Sunil Potti(3)	$275,000	69%	17%

(1) Represents the percentage increase in the dollar amount of the Annual Bonus Target from fiscal 2018.

(2) Mr. Attanasio's employment terminated effective March 8, 2019. See the section below entitled "*Executive Compensation - Employment Arrangements*" for more details.

(3) Mr.Potti's employment terminated effective June 21, 2019. See the section below entitled "*Executive Compensation - Employment Arrangements*" for more details.

Performance Measures

The Named Executive Officers' performance measures for payment under the Fiscal 2019 Executive Bonus Plan included: (1) imputed software value, or ISV, on bookings; (2) performance under the "Rule of 40" framework, or Rule of 40, which we calculate using the sum of (x) our year-over-year revenue growth, calculated on an ISV basis, or ISV Revenue, and expressed as a percentage, and (y) our fiscal 2019 free cash flow as a percentage of our fiscal 2019 ISV Revenue; (3) new customer adds; and (4) personal performance. We define bookings as the total billable amount under binding purchase orders received by the Company during a given period. ISV on bookings is calculated by subtracting the cost of the hardware for a relevant order from total bookings. Similarly, ISV Revenue is calculated by subtracting all hardware revenue from our total revenue. For fiscal 2019, the compensation committee believed that ISV on bookings and revenue were performance metrics that allowed us to better track the true growth of our software business by excluding the amounts attributable to the pass-through hardware that we use to deliver our solutions. Free cash flow is a performance measure that the compensation committee believes provides useful information about the amount of cash generated by our business after necessary capital expenditures, and we define free cash flow as net cash (used in) provided by operating activities less purchases of property and equipment. For fiscal 2019, the compensation committee believed that our performance under the Rule of 40 was an important indicator of our ability to balance our growth against the level of free cash flow generated by our business. New customer adds counts as total new logos added in the period and is measured against our annual operating plan. For fiscal 2019, the compensation committee believed that new customer adds was an important indicator of the success of key elements of our growth strategy, which includes continued investment in acquiring new end customers. The personal performance objectives in the Fiscal 2019 Executive Bonus Plan were set based on each Named Executive Officer's personal objectives, which were aligned to our principal business goals in fiscal 2019. For fiscal 2019, the compensation committee believed that the inclusion of personal performance metrics was an important way to recognize the unique contribution that each Named Executive Officer makes to our overall business goals and incentivize each Named Executive Officer to achieve his personal objectives for the fiscal year.

The compensation committee believed that these performance measures were objective measures of our and, with respect to the personal performance measures, each Named Executive Officer's successful achievement of our growth and business strategy, especially in light of our ongoing transition to a subscription-based business model. These performance measures under our Fiscal 2019 Executive Bonus Plan, while significant to our achievement of our growth and business strategy, are our internal metrics that we do not disclose in our financial statements.

The following table describes the relative weighting of each performance measure and the payout percentages that were used to calculate the actual payout based on achievement of the targets at and between the low end of the target range and the high end of the target range. Any achievement of the plan targets between the low and high end of the target range would correlate to a lower or higher payout percentage between 0% and 200%. For the Fiscal 2019 Executive Bonus Plan, if we did not achieve a payout under the ISV bookings performance measure, then no payout would be made under the Executive Bonus Plan to any Named Executive Officer, regardless of the level of achievement under any other performance measure (including personal performance).

Performance Metric	Weighting	Plan Targets	Payout %
Imputed Software Value on Bookings	50%	Less than 90% of Target	0%
		Between 90% and 100% of Target	Between 0% and 100%
		100% of Target	100%
		Between 100% and 105% of Target	Between 100 and 200%
		105% or more of Target	200%
Rule of 40	15%	Less than 90% of Target	0%
		Between 90% and 100% of Target	Between 0% and 100%
		100% of Target	100%
		Between 100% and 105% of Target	Between 100% and 200%
		105% or more of Target	200%
New Customer Adds	15%	Less than 90% of Target	0%
		Between 90% and 100% of Target	Between 0% and 100%
		100% of Target	100%
		Between 100% and 105% of Target	Between 100% and 200%
		105% or more of Target	200%
Personal Performance	20%	Based on individual strategic objectives for each executive that were aligned to our principal business goals in fiscal 2019	Between 0% and 200%

Fiscal 2019 Executive Bonus Plan Payouts

The achievement of the various performance metrics for the Named Executive Officers under the Fiscal 2019 Executive Bonus Plan were as follows:

Performance Metric	Percent Achievement of Plan Target	Payout %	Weighting	Weighted Total
Imputed Software Value on Bookings	81.5%	0%	50%	0%
Rule of 40	36.5%	0%	15%	0%
New Customer Adds	67.9%	0%	15%	0%
Personal Performance	N/A	0%	20%	0%
			Total:	**0%**

As indicated above, we did not achieve a payout under the ISV bookings performance measure and, as a result, the compensation committee did not calculate each Named Executive Officer's achievement under his personal performance measure and none of our Named Executive Officers received a payout under the Fiscal 2019 Executive Bonus Plan.

Long-Term Equity Compensation

Our corporate culture encourages a long-term focus by our Named Executive Officers, as well as all our other employees. In keeping with this culture, our executive compensation program places a heavy emphasis on granting equity awards, the value of which depends on our stock performance and other performance measures, to achieve strong long-term performance.

These equity awards are typically time-based RSUs but, where appropriate, we also grant PRSUs to our Named Executive Officers that are tied to the long-term objectives of the Company.

We believe that RSUs offer predictable value delivery to our executive officers while promoting alignment of their interests with the long-term interests of our stockholders in a manner consistent with competitive market practices. We also believe that PRSUs directly link a significant portion of an executive officer's target total direct compensation to our financial performance based on the achievement of one or more pre-established financial or stock price performance metrics. In fiscal 2019, we granted a PRSU to our CEO, and certain of our Named Executive Officers, including our CEO, hold PRSUs from prior fiscal years. Together, RSUs and PRSUs are important tools to motivate and retain our highly sought-after executive officers since the value of the awards is delivered to our executive officers over multi-year periods, subject to their continued service. Going forward, we may introduce other forms of equity awards to our executive officers, including our Named Executive Officers, to continue to maintain a strong alignment of their interests with the interests of our stockholders.

The compensation committee, in consultation with our CEO (other than with respect to himself) and its independent compensation consultant, determines the size, mix, material terms and, in the case of PRSUs, performance metrics of the equity awards granted to our executive officers, taking into account a number of factors as described in the section "*Executive Compensation - Compensation Discussion and Analysis - Compensation-Setting Process*."

Fiscal 2019 Equity Awards

The following table sets forth the number of shares of our common stock subject to the RSUs and PRSUs granted to each Named Executive Officer in fiscal 2019. Messrs. Attanasio and Wall were not considered for equity grants in fiscal 2019 as they had each been with the Company for less than a year at the time that the below grants were approved and each received multi-year new hire grants when they joined the Company.

Named Executive Officer	Number of RSUs(1)	Grant Date Fair Value of RSUs(2)	Number of PRSUs	Grant Date Fair Value of PRSUs(3)
Dheeraj Pandey	100,000	$3,944,000	100,000(4)	$2,516,000
Duston M. Williams	100,000	$3,944,000	—	—
David M. Sangster	100,000	$3,944,000	—	—
Tyler Wall	—	—	—	—
Louis J. Attanasio	—	—	—	—
Sunil Potti	100,000	$3,944,000	—	—

(1) Each Named Executive Officer received his RSU award(s) in October 2018 in connection with the annual executive officer compensation review, and such RSU awards vest quarterly over four years, subject to the Named Executive Officer's continued service. For additional information regarding the vesting schedules of these RSU awards, see the section titled "*Executive Compensation - Executive Compensation Tables*" below.

(2) The amounts reported are computed in accordance with ASC Topic 718 based on the closing price of our Class A common stock on the date of grant. These amounts do not reflect the actual economic value that may ultimately be realized by the Named Executive Officers.

(3) The amounts reported represent the grant date fair value of the PRSUs, as computed in accordance with ASC Topic 718, which excludes the impact of estimated forfeitures related to service-based and performance-based vesting conditions, reflects the accounting cost for the equity awards, and does not correspond to the actual economic value that may be received by the Named Executive Officers from the equity awards. The amounts reported assume that all service-based and performance-based vesting conditions will be achieved.

(4) Subject to Mr. Pandey's continuous service, the shares underlying this PRSU will vest upon the achievement of certain milestones as determined by the compensation committee. See the section below entitled "*Executive Compensation - Employment Arrangements*" for more details.

Severance and Change of Control-Related Benefits

Our Named Executive Officers are or, with respect to Messrs. Attanasio and Potti, were, each eligible to participate in our Change of Control and Severance Policy, which provides each of them with protections in the event of their involuntary termination of employment following a change of control of the Company. In addition, certain of the executive officers may have such provisions in their employment agreements. We believe that these protections assist us in retaining these individuals. We also believe that these protections serve our executive retention objectives by helping our Named Executive Officers maintain continued focus and dedication to their responsibilities to maximize stockholder value, including in the event that there is a potential transaction that could involve a change of control. The terms of these agreements and the Change of Control and Severance Policy were determined after our board of directors and compensation committee reviewed our retention goals for each Named Executive Officer and an analysis of relevant market data.

For a summary of the material terms and conditions of these post-employment compensation arrangements, see section titled "*Executive Compensation - Employment Arrangements.*"

EMPLOYMENT ARRANGEMENTS

We have entered into employment agreements with our Named Executive Officers. Each of these arrangements provides or, with respect to Messrs. Attanasio and Potti, provided for, "at-will" employment and sets forth the initial terms and conditions of employment of each Named Executive Officer, including base salary, target annual bonus opportunity, standard employee benefit plan participation, a recommendation for an initial grant of an option to purchase shares of our common stock or other equity awards, opportunities for post-employment compensation and vesting acceleration terms. These agreements also set forth the rights and responsibilities of each party and may protect both parties' interests in the event of a termination of employment by providing for certain payments and benefits under specified circumstances, including following a change of control of the Company. These offers of employment were each subject to the execution of a standard proprietary information and invention assignment agreement and proof of identity and work eligibility in the United States.

Each of these agreements was approved on our behalf by the compensation committee or our board of directors at the recommendation of the compensation committee. We believe that these arrangements were necessary to induce these individuals to forgo other employment opportunities or leave their then-current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

In filling our executive positions, the compensation committee was aware that, in some situations, it would be necessary to recruit candidates with the requisite experience and skills to manage a growing business. Accordingly, it recognized that it would need to develop highly competitive compensation packages to attract qualified candidates in a competitive labor market. At the same time, the compensation committee was sensitive to the need to integrate new executive officers into the executive compensation structure that it was seeking to develop, balancing both competitive and internal equity considerations.

For a summary of the material terms and conditions of our employment agreements with the Named Executive Officers, see section below titled "*Executive Compensation - Employment Arrangements*."

OTHER COMPENSATION POLICIES

Employee Benefits

We provide employee benefits to all eligible employees in the United States, including our Named Executive Officers, which the compensation committee believes are reasonable and consistent with its overall compensation objective to better enable us to attract and retain employees. These benefits include medical, dental and vision insurance, health savings accounts, a 401(k) plan, life and disability insurance, flexible spending accounts, an employee stock purchase plan and other plans and programs.

Stock Trading Practices; Hedging and Pledging Policy

We maintain an Insider Trading Policy that, among other things, prohibits our officers, including our Named Executive Officers, directors and employees from trading during quarterly and special blackout periods. We also prohibit short sales, hedging and similar transactions designed to decrease the risks associated with holding our securities, as well as pledging our securities as collateral for loans and transactions involving derivative securities relating to our common stock. Our Insider Trading Policy requires that all directors, executive officers, and certain other key employees, including our Named Executive Officers, pre-clear with our legal department any proposed open market transactions.

Impact of Accounting and Tax Requirements on Compensation

Deductibility of Executive Compensation

Generally, Section 162(m) of the Internal Revenue Code of 1986, as amended, disallows a tax deduction to any publicly-held corporation for any remuneration in excess of $1 million paid in any taxable year to its chief executive officer and certain other highly compensated officers. The compensation committee may, in its judgment, authorize compensation payments that are not fully tax deductible when it believes that such payments are appropriate to attract and retain executive talent or meet other business objectives. The compensation committee intends to continue to compensate our Named Executive Officers in a manner consistent with the best long-term interests of the Company and our stockholders.

Taxation of "Parachute" Payments and Deferred Compensation

We do not provide our Named Executive Officers with a "gross-up" or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Sections 280G, 4999, or 409A of the Code. Sections 280G and 4999 of the Code provide that certain officers and directors, and service providers who hold significant equity interests, and certain highly compensated service providers may be subject to an excise tax if they receive payments or benefits in connection with a change of control that exceeds certain prescribed limits, and that the Company, or a successor, may forfeit a deduction on the amounts subject to this additional tax. However, under our Change of Control and Severance Policy, if any payment or benefits to a policy participant, including the payments and benefits under the policy, would constitute a "parachute payment" within the meaning of Section 280G of the Code and would therefore be subject to an excise tax under Section 4999 of the Code, then such payments and benefits will be either (1) reduced to the largest portion of the payments and benefits that would result in no portion of the payments and benefits being subject to the excise tax, or (2) not reduced, whichever, after taking into account all applicable federal, state and local employment and income taxes and the excise tax, results in the participant's receipt, on an after-tax basis, of the greater payments and benefits.

Section 409A also imposes additional significant taxes on the individual in the event that an executive officer, director or other service provider receives "deferred compensation" that does not meet certain requirements of Section 409A of the Code.

Accounting for Stock-Based Compensation

We follow ASC Topic 718 for our stock-based awards. ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options, restricted stock unit awards and performance units, based on the grant date "fair value" of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based compensation awards in their income statements over the period that a Named Executive Officer is required to render service in exchange for the option or other award.

For performance units, stock-based compensation expense recognized may be adjusted over the performance period based on interim estimates of performance against pre-set objectives.

Compensation Risk Assessment

Our compensation committee reviews and discusses with management the risks arising from our compensation philosophy and practices applicable to all employees to determine whether they encourage excessive risk-taking and to evaluate compensation policies and practices that could mitigate such risks. In addition, our compensation committee has engaged Compensia to independently review our executive compensation program. Based on these reviews, our compensation committee structures our executive compensation program to encourage our named executive officers to focus on both short-term and long-term success. We do not believe that our executive compensation program creates risks that are reasonably likely to have a material adverse effect on us.

REPORT OF THE COMPENSATION COMMITTEE

Our compensation committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussions, our compensation committee has recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted by the members of the compensation committee of our board of directors:

Jeffrey T. Parks (Chair)
John McAdam
Ravi Mhatre
Susan L. Bostrom

EXECUTIVE COMPENSATION TABLES

FISCAL 2019 SUMMARY COMPENSATION TABLE

The following table presents all of the compensation awarded to, or earned by, our Named Executive Officers during the fiscal year ended July 31, 2019.

Name and Principal Position	Fiscal Year	Salary ($)	Option Awards(1) ($)	Stock Awards(2) ($)	Non-Equity Incentive Plan Compensation(3) ($)	All Other Compensation ($)	Total ($)
Dheeraj Pandey	2019	483,333	—	6,460,000(4)	—	—	6,943,333
Chief Executive Officer and Chairman	2018	350,000	—	10,413,000(5)	439,225	—	11,202,225
	2017	250,000	6,350,000(6)	—	80,700(7)	—	6,680,700
Duston M. Williams	2019	441,667	—	3,944,000	—	—	4,385,667
Chief Financial Officer	2018	350,000	—	4,165,200	285,496	—	4,800,696
	2017	250,000	—	3,660,000	80,700	—	3,990,700
David M. Sangster	2019	394,167	—	3,944,000	—	—	4,338,167
Chief Operating Officer	2018	326,667	—	2,950,350	259,044	—	3,536,061
	2017	250,000	—	3,050,000	80,700	—	3,380,700
Tyler Wall	2019	391,667	—	—	—	—	391,667
Chief Legal Officer(8)	2018	238,636	—	10,389,000	111,895	—	10,739,531
	2017	—	—	—	—	—	—
Louis J. Attanasio	2019	469,697	—	—	—	8,620,000(10)	9,089,697
Former Chief Revenue Officer(9)	2018	578,314	—	41,556,000	651,901	—	42,786,215
	2017	—	—	—	—	—	—
Sunil Potti	2019	352,500	—	3,944,000	—	—	4,296,500
Former Chief Product and Development Officer(11)	2018	326,667	—	3,471,000	258,044	—	4,055,711
	2017	250,000	—	—	80,700	—	330,700

(1) The amounts in this column represent the aggregate grant date fair value of stock option awards as computed in accordance with ASC Topic 718. Assumptions used in the calculation of this amount are included in the notes to our consolidated financial statements in our Annual Report on Form 10-K, as filed with the SEC on September 24, 2019.

(2) The amounts in this column represent the aggregate grant date fair value calculated in accordance with ASC Topic 718 for RSU awards. The grant date fair value was determined using the closing share price of our Class A common stock on the date of grant.

(3) The amounts reported represent the amounts paid under our executive bonus plan.

(4) Mr. Pandey was granted RSUs in fiscal 2019 with a total grant date fair value of $6,460,000, of which $2,516,000 is subject to certain performance conditions. The amount reported assumes that all service-based and performance-based vesting conditions will be achieved.

(5) Mr. Pandey was granted RSUs in fiscal 2018 with a total grant date fair value of $10,413,000, of which $3,471,000 is subject to certain performance conditions. The amount reported assumes that all service-based and performance-based vesting conditions will be achieved.

(6) Mr. Pandey was granted stock options in fiscal 2017 with a total grant date fair value of $6,350,000, of which $3,275,000 is subject to certain performance conditions. The amount reported assumes that all service-based and performance-based vesting conditions will be achieved.

(7) Under our executive bonus plan, Mr. Pandey was eligible to receive a payment of $80,700 based on achievement of plan metrics for fiscal 2017. However, Mr. Pandey waived his right to receive incentive payments for fiscal 2017. Thus, the amounts reported as earned in this column were not paid to Mr. Pandey.

(8) Mr. Wall joined the Company in November 2017.

(9) Mr. Attanasio joined the Company in November 2017. Mr. Attanasio's employment terminated effective March 8, 2019, and 250,000 outstanding RSUs held by Mr. Attanasio as of this date were accelerated in accordance with the terms of Mr. Attanasio's employment agreement. All remaining unvested equity awards held by Mr. Attanasio as of March 8, 2019 were canceled.

(10) Pursuant to the terms of Mr. Attanasio's employment agreement, the vesting of 250,000 RSUs previously granted to Mr. Attanasio was accelerated upon the termination of Mr. Attanasio's employment effective March 8, 2019. The amount reported represents the fair value of the shares underlying the accelerated RSUs, as determined based on the closing price of our Class A common stock on March 8, 2019.

(11) Mr. Potti's employment terminated effective June 21, 2019, and all outstanding unvested equity awards held by Mr. Potti as of this date were canceled.

GRANT OF PLAN BASED AWARDS

The following table presents, for each of our Named Executive Officers, information concerning each equity award grant made during the fiscal year ended July 31, 2019. This information supplements the information about these awards set forth in the "*Fiscal 2019 Summary Compensation Table*" above.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards						
Named Executive Officer	Grant Date	Approval Date	Threshold ($)	Target ($)	Maximum ($)	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units(2) (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh)	Grant Date Fair Value of Stock and Option Awards(3) ($)
Dheeraj Pandey	—	—	—	500,000	1,000,000	—	—	—	—	—	—	—
	10/23/18	10/23/18	—	—	—	—	100,000(4)	100,000(4)	—	—	—	2,516,000
	10/23/18	10/23/18	—	—	—	—	—	—	100,000(5)	—	—	3,944,000
Duston M. Williams	—	—	—	300,000	600,000	—	—	—	—	—	—	—
	10/23/18	10/23/18	—	—	—	—	—	—	100,000(5)	—	—	3,944,000
David M. Sangster	—	—	—	275,000	550,000	—	—	—	—	—	—	—
	10/23/18	10/23/18	—	—	—	—	—	—	100,000(5)			3,944,000
Tyler Wall	—	—	—	150,000	300,000	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Sunil Potti	—	—	—	275,000	550,000	—	—	—	—	—	—	—
	10/23/18	10/23/18	—	—	—	—	—	—	100,000(5)(6)	—	—	3,944,000
Louis J. Attanasio	—	—	—	775,000	1,550,000	—	—	—	—	—	—	—

(1) Represents cash incentive compensation opportunities under the Fiscal 2019 Executive Bonus Plan and assumes achievement at target levels for our corporate objectives. For achievement in excess of target, overperformance could be rewarded with a payout of up to an additional 100% of each Named Executive Officer's target (for a maximum payment of 200% of each Named Executive Officer's target). As set forth in the "*Fiscal 2019 Summary Compensation Table*" above, our Named Executive Officers did not actually receive any payouts under the Fiscal 2019 Executive Bonus Plan. The components of, and the calculation of the payouts under, the Fiscal 2019 Executive Plan are discussed more fully in the section titled "*Executive Compensation - Compensation Discussion and Analysis - Components of Compensation Program and Fiscal 2019 Compensation - Fiscal 2019 Executive Bonus Plan*."

(2) Represents the number of shares of common stock subject to RSUs. For additional information, see "*Executive Compensation - Compensation Discussion and Analysis - Components of Compensation Program and Fiscal 2019 Compensation - Long-Term Equity Compensation*."

(3) Represents the aggregate grant date fair value of equity grants in fiscal 2019 computed in accordance with ASC Topic 718.

(4) The PRSUs may vest based on the achievement of an average stock price of $80 over an approximately 4.5-year performance period (the "Performance Period"), and subject to Mr. Pandey's continuous service to the Company on each vesting date. The average stock price will be calculated based on the average closing price of one share of our Class A common stock as reported on the Nasdaq Stock Market during the 180-day period ending on the last trading day prior to each measurement date (as applicable, the "Average Stock Price"). The Average Stock Price will be measured once per quarter during the Performance Period, and (i) if the Average Stock Price on any given quarterly measurement date does not equal or exceed $80, then none of the PRSUs will vest that quarter, and any unvested PRSUs will carry over to the next quarter (the "Carryover PRSUs"), (ii) if the Average Stock Price on any given

quarterly measurement date equals or exceeds $80, then 1/18th of the PRSUs *plus* the applicable Carryover PRSUs, if any, would vest, and/or (iii) if the Average Stock Price never equals or exceeds $80 during the Performance Period, the PRSUs would terminate at the end of the Performance Period.

(5) The RSUs vest as to 6,250 shares quarterly, beginning on March 15, 2019, subject to the applicable Named Executive Officer's continuous service through the applicable vesting date.

(6) The unvested portion of Mr. Potti's RSUs were canceled on June 21, 2019 in connection with termination of Mr. Potti's employment.

OUTSTANDING EQUITY AWARDS AT FISCAL 2019 YEAR-END TABLE

The following table presents, for each of our Named Executive Officers, information concerning each outstanding equity award held by such Named Executive Officer as of July 31, 2019. This information supplements the information about these awards set forth in the "*Fiscal 2019 Summary Compensation Table*" above. Mr. Attanasio's and Mr. Potti's employment terminated effective March 8, 2019 and June 21, 2019, respectively. As of March 8, 2019, certain of the outstanding unvested equity awards held by Mr. Attanasio were accelerated in accordance with the terms of Mr. Attanasio's employment agreement and all remaining unvested equity awards held by Mr. Attanasio were canceled. For additional information, please see footnotes 9 and 10 set forth in the "*Fiscal 2019 Summary Compensation Table*" above. As of June 21, 2019, all outstanding unvested equity awards held by Mr. Potti were canceled. For additional information, please see footnote 11 set forth in the "*Fiscal 2019 Summary Compensation Table*" above.

		Option Awards				Stock Awards			
Named Executive Officer	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested(1) ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(1) ($)
Dheeraj Pandey	3/28/2012	886,000(2)	—	0.49	3/27/2022				
	6/3/2012	705,000(2)	—	0.49	6/12/2022				
	9/16/2016	500,000(3)	—	12.00	9/15/2026				
	9/16/2016	—	500,000(4)	12.00	9/15/2026				
	12/12/2017					125,000(5)	2,837,500		
	10/23/2018					87,500(6)	1,986,250		
	12/12/2017							100,000(4)	2,270,000
	10/23/2018							100,000(7)	2,270,000
Duston M. Williams	6/19/2014	205,000(2)	—	3.20	6/18/2024				
	6/19/2014	418,750(2)	—	3.20	6/18/2024				
	9/16/2016					150,000(8)	3,405,000		
	12/12/2017					75,000(9)	1,702,500		
	10/23/2018					87,500(6)	1,986,250		
David M. Sangster	5/20/2014	7,918(2)	—	3.20	5/19/2024				
	12/12/2017					53,125(10)	1,205,937		
	10/23/2018					87,500(6)	1,986,250		
	9/16/2016							100,000(4)	2,270,000
Tyler Wall	11/27/2017					187,500(11)	4,256,250		

(1) Based on the closing price of Nutanix Class A common stock on July 31, 2019, which was $22.70.

(2) The shares subject to the options are fully vested and exercisable immediately.

(3) The options allow early exercise and are immediately exercisable. The shares subject to the options vest as to 10,416 shares monthly, subject to continuous service through the applicable vesting date.

(4) One-third of the shares subject to the awards will vest on the later of January 1, 2019 or upon the compensation committee's certification that the Company has achieved the performance goal, subject to continuous service through the vesting date. One-third of the shares subject to the awards will vest on the later of January 1, 2020 or upon the compensation committee's certification that the Company has achieved the performance goal, subject to continuous service through the vesting date. One-third of the shares subject to the awards will vest on the later of January 1, 2021 or upon the compensation committee's certification that the Company has achieved the performance goal, subject to continuous service through the vesting date.

(5) The RSUs vest as to 12,500 shares quarterly, subject to continuous service through the applicable vesting date.

(6) The RSUs vest as to 6,250 shares quarterly, subject to continuous service through the applicable vesting date.

(7) The RSUs vest based on the achievement of an average stock price of $80 over an approximately 4.5-year performance period, and subject to Mr. Pandey's continuous service through the applicable vesting date. For additional information, please see footnote 4 set forth in the "*Grant of Plan Based Awards"* table above.

(8) The RSUs vest as to 25,000 shares quarterly, subject to continuous service through the applicable vesting date.

(9) The RSUs vest as to 7,500 shares quarterly, subject to continuous service through the applicable vesting date.

(10) The RSUs vest as to 5,312 or 5,313 shares, as applicable, quarterly, subject to continuous service through the applicable vesting date.

(11) The RSUs vest as to 18,750 shares quarterly, subject to continuous service through the applicable vesting date.

2019 OPTION EXERCISES AND STOCK VESTED VALUE

The following table presents, for each of the Named Executive Officers, the shares of our common stock that were acquired upon the exercise of stock options and vesting of RSU and PRSU awards and the related value realized during fiscal 2019.

	Option Awards		Stock Awards	
Named Executive Officer	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise[(1)] ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting[(2)] ($)
Dheeraj Pandey	—	—	62,500	2,401,750
Duston M. Williams	31,250	1,158,438	142,500	5,607,750
David M. Sangster	63,333	2,688,552	83,750	3,253,333
Tyler Wall	—	—	112,500	4,503,000
Louis J. Attanasio	—	—	500,000[(3)]	21,352,500
Sunil Potti	—	—	145,089	6,078,112

(1) The value realized upon the exercise of stock options is calculated by (i) subtracting the option exercise price from the closing price of our Class A common stock on the date of exercise, multiplied by (ii) the number of shares underlying the stock option exercised.

(2) The value realized upon vesting of RSUs and PRSUs is calculated by multiplying the number of shares vested by the closing price of our Class A common stock on the vest date (or, in the event the vest date occurs on a holiday or weekend, the closing price of our Class A common stock on the immediately preceding trading day).

(3) Includes the 250,000 RSUs previously granted to Mr. Attanasio which were accelerated upon the termination of Mr. Attanasio's employment effective March 8, 2019, in accordance with the terms of his employment agreement.

EMPLOYMENT ARRANGEMENTS

EMPLOYMENT ARRANGEMENTS WITH NAMED EXECUTIVE OFFICERS

We have entered into employment agreements with each of the Named Executive Officers in connection with his commencement of employment with us. Each of these arrangements was negotiated on our behalf by the compensation committee or our CEO.

Typically, these arrangements provide for at-will employment and set forth the initial terms and conditions of employment of each Named Executive Officer, including base salary, target annual bonus opportunity, standard employee benefit plan participation, a recommendation for initial equity awards and in certain cases the circumstances, if applicable, under which post-employment compensation or vesting acceleration terms might apply. These offers of employment were each subject to execution of a standard proprietary information and invention agreement and proof of identity and work eligibility in the United States.

Dheeraj Pandey

We entered into an employment letter with Dheeraj Pandey, our Chief Executive Officer and Chairman on February 26, 2015. The employment letter has an indefinite term and Mr. Pandey's employment is at-will. Mr. Pandey's current annual base salary is $500,000, and he is currently eligible to earn annual incentive compensation with a target equal to $500,000, based upon achievement of individual and corporate targets determined by our board of directors or compensation committee for each fiscal year.

In connection with entering into the employment letter, we granted Mr. Pandey four RSU grants under our 2010 Stock Plan, or the 2010 Plan, and RSU agreements, covering an aggregate of 1,900,000 shares. In March 2016, Mr. Pandey voluntarily forfeited his rights with respect to a number of the RSUs. For additional details regarding Mr. Pandey's equity awards, see "*Executive Compensation - Executive Compensation Tables*" above.

Mr. Pandey is a participant in the Change of Control and Severance Policy, which is described below.

Duston M. Williams

We entered into an employment letter with Duston Williams, our Chief Financial Officer, on April 26, 2014. The employment letter has an indefinite term and Mr. Williams' employment is at-will. Mr. Williams' current annual base salary is $475,000, and he is currently eligible to earn annual incentive compensation with a target equal to $300,000, based upon achievement of individual and corporate targets determined by our board of directors or compensation committee for each fiscal year.

In connection with his hire, Mr. Williams was granted two option grants and one RSU grant covering an aggregate of 1,460,000 shares under our 2010 Plan all of which have vested in full. For additional details regarding Mr. Williams' outstanding equity awards, see "*Executive Compensation - Executive Compensation Tables*" above.

Mr. Williams is a participant in the Change of Control and Severance Policy, which is described below.

David M. Sangster

We entered into an employment letter with David Sangster, our Chief Operating Officer, on October 17, 2011. The employment letter has an indefinite term and Mr. Sangster's employment is at-will. Mr. Sangster's current annual base salary is $475,000, and he is currently eligible to earn annual incentive compensation with a target equal to $275,000, based upon achievement of individual and corporate targets determined by our board of directors or compensation committee for each fiscal year.

In connection with his hire, Mr. Sangster was granted a stock option under our 2010 Plan and option agreement to purchase 350,000 shares of our Class A common stock. That option has vested in full and has been exercised by Mr. Sangster. For additional details regarding Mr. Sangster's equity awards, see "*Executive Compensation - Executive Compensation Tables*" above.

Mr. Sangster is a participant in the Change of Control and Severance Policy, which is described below.

Tyler Wall

We entered into an employment letter with Tyler Wall, our Chief Legal Officer, on November 20, 2017. The employment letter has an indefinite term and Mr. Wall's employment is at-will. Mr. Wall's current annual base salary is $425,000, and he is currently eligible to earn annual incentive compensation with a target equal to $150,000 based upon achievement of individual and corporate targets determined by our board of directors or compensation committee for each fiscal year.

In connection with his hire, Mr. Wall was granted 300,000 RSUs under our 2016 Equity Incentive Plan, or the 2016 Plan, which vest over four years with a one-year vesting cliff. For additional details regarding Mr. Wall's equity awards, see "*Executive Compensation - Executive Compensation Tables*" above.

Mr. Wall is a participant in the Change of Control and Severance Policy, which is described below.

Louis J. Attanasio

We entered into an employment letter with Louis J. Attanasio, our former Chief Revenue Officer, on October 15, 2017. Mr. Attanasio's employment subsequently terminated on March 8, 2019 (the "Attanasio Employment Termination Date"). Prior to the Attanasio Employment Termination Date, the employment letter had an indefinite term and Mr. Attanasio's employment was at-will. As of the Attanasio Employment Termination Date, Mr. Attanasio's annual base salary was $775,000, and Mr. Attanasio was eligible to earn annual incentive compensation with a target equal to $775,000, based upon achievement of individual and corporate targets determined by our board of directors or compensation committee for each fiscal year.

In connection with his hire, Mr. Attanasio was granted 1,200,000 RSUs under our 2016 Plan which would have vested on time-based schedules subject to his continuous service, including the following: (1) 1,000,000 RSUs subject to quarterly time-based vesting over four years with a one-year vesting cliff, or the First Tranche RSUs, and (2) 200,000 RSUs subject to quarterly time-based vesting over four years beginning after December 15, 2019. For additional details regarding Mr. Attanasio's equity awards, see "*Executive Compensation - Executive Compensation Tables*" above.

Pursuant to the terms of Mr. Attanasio's employment letter and the 2016 Plan, (i) 250,000 of the First Tranche RSUs became fully vested on the Attanasio Employment Termination Date, and (ii) all of Mr. Attanasio's other outstanding and unvested equity awards were cancelled on the Attanasio Employment Termination Date.

Prior to the Attanasio Employment Termination Date, Mr. Attanasio was also a participant in the Change of Control and Severance Policy, which is described below.

Sunil Potti

We entered into an employment letter with Sunil Potti, our former Chief Product and Development Officer, on January 4, 2015. Mr. Potti's employment subsequently terminated on June 21, 2019 (the "Potti Employment Termination Date"). Prior to the Potti Employment Termination Date, the employment letter had an indefinite term and Mr. Potti's employment was at-will. As of the Potti Employment Termination Date, Mr. Potti's annual base salary was $400,000, and he was eligible to earn annual incentive compensation with a target equal to $275,000, based upon achievement of individual and corporate targets determined by our board of directors or compensation committee for each fiscal year.

In connection with his hire, Mr. Potti was granted three RSU grants covering an aggregate of 800,000 shares under our 2010 Plan and RSU agreements. As of the Potti Employment Termination Date, 747,321 of such shares had become vested in full, and the remaining 52,679 shares were canceled. For additional details regarding Mr. Potti's equity awards, see "*Executive Compensation - Executive Compensation Tables*" above.

Prior to the Potti Employment Termination Date, Mr. Potti was a participant in the Change of Control and Severance Policy, which is described below.

SEVERANCE AND CHANGE OF CONTROL-RELATED BENEFITS

In August 2016, we adopted a Change of Control and Severance Policy, or the severance policy, pursuant to which a designated employee is eligible to receive severance benefits in lieu of any other severance payments and benefits, subject to the employee signing a participation agreement. Each of our Named Executive Officers is a participant in the severance policy. Generally, if a participant's employment is terminated within three months prior to or 12 months following the consummation of a change of control, which such period is referred to as the change of control period, either by us or a subsidiary of ours other than for cause, death or disability or by the participant for good reason, then the severance policy provides for:

(1) the applicable percentage of the then-unvested shares subject to each of the participant's then-outstanding time-based equity awards, except for performance-based equity awards that were converted by their terms into time-based equity awards upon a change of control transaction, will immediately vest and become exercisable, with such percentage being 100% for each of the Named Executive Officers,

(2) a lump sum payment equal to the participant's annual base salary, as in effect immediately prior to the participant's termination or, if the termination is due to a resignation for good reason based on a material reduction in base salary, immediately prior to such reduction, or immediately prior to the change of control, whichever is greater, multiplied by 100% for our CEO and 75% for each of our other Named Executive Officers,

(3) a lump sum payment equal to the participant's target annual bonus as in effect for the fiscal year in which his or her termination of employment occurs, multiplied by 100% for our CEO and 75% for each of our other Named Executive Officers, and

(4) payment or reimbursement of the cost of continued health benefits for a period of up to 12 months for our CEO and nine months for each of our other Named Executive Officers.

In order to receive severance benefits under the severance policy, a participant must timely execute and not revoke a release of claims in favor of us. In addition, the severance policy provides that, if any payment or benefits to a participant, including the payments and benefits under the severance policy, would constitute a parachute payment within the meaning of Section 280G of the Code and would therefore be subject to an excise tax under Section 4999 of the Code, then such payments and benefits will be either (1) reduced to the largest portion of the payments and benefits that would result in no portion of the payments and benefits being subject to the excise tax, or (2) not reduced, whichever, after taking into account all applicable federal, state and local employment and income taxes and the excise tax, results in the participant's receipt, on an after-tax basis, of the greater payments and benefits.

For purposes of the severance policy, cause means any of the following reasons (with any references to us interpreted to include any subsidiary, parent, affiliate or successor of ours):

- the participant's willful failure to perform his or her duties and responsibilities to us or the participant's violation of any written policy of ours;
- the participant's commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in injury to us;
- the participant's unauthorized use or disclosure of any proprietary information or trade secrets of ours or any other party to whom the participant owes an obligation of nondisclosure as a result of his or her relationship with us; or
- the participant's material breach of any of his or her obligations under any written agreement or covenant with us.

For purposes of the severance policy, good reason means the participant's termination of his or her employment in accordance with the next sentence after the occurrence of one or more of the following events without the participant's express written consent:

- a material reduction of the participant's duties, authorities or responsibilities relative to the participant's duties, authorities or responsibilities in effect immediately prior to such reduction;
- a material reduction by us in the participant's rate of annual base salary; provided, however, that, a reduction of annual base salary that also applies to substantially all other similarly situated employees of ours will not constitute good reason;
- a material change in the geographic location of the participant's primary work facility or location; provided, that a relocation of less than 35 miles from the participant's then present location will not be considered a material change in geographic location; or
- our failure to obtain from any successor or transferee of ours an express written and unconditional assumption of our obligations to the participant under the severance policy.

In order for the participant's termination of his or her employment to be for good reason, the participant must not terminate employment with us without first providing us with written notice of the acts or omissions constituting the grounds for good reason within 90 days of the initial existence of the grounds for good reason and a cure period of 30 days following the date of written notice, such grounds must not have been cured during such time, and the participant must terminate his or her employment within 30 days following the expiration of our 30-day cure period.

Potential Payments upon Termination or Change of Control

The following table sets forth the estimated payments that would be received by the Named Executive Officers if, pursuant to the terms of the Change of Control and Severance Policy, a hypothetical termination of employment without cause or following a resignation for good reason in connection with a change of control of the Company had occurred on July 31, 2019. The table below reflects amounts that would have been payable to each Named Executive Officer assuming that, if applicable, his employment was terminated on July 31, 2019 and, if applicable, a change of control of the Company also occurred on that date. Messrs. Attanasio and Potti did not become entitled to receive any payments or benefits under the Change of Control and Severance Policy, or otherwise, in connection with termination of the applicable Named Executive Officer's employment effective March 8, 2019 and June 21, 2019, respectively. Therefore, the tabular disclosure below does not include Messrs. Attanasio and Potti.

	Upon Termination without Cause or Resignation for Good Reason During Change of Control Period				
Named Executive Officer	Salary Severance(1)	Bonus Severance(2)	Value of Accelerated Vesting(3)	Continuation of Medical Benefits(4)	Total
Dheeraj Pandey	$500,000	$500,000	$8,924,167(5)	$25,664	$9,949,831
Duston M. Williams	$337,500	$225,000	$7,093,750	$19,248	$7,675,498
David M. Sangster	$300,000	$206,250	$3,948,854	$19,248	$4,474,352
Tyler Wall	$300,000	$112,500	$4,256,250	$19,248	$4,687,998

(1) Reflects payment of 75% of annual base salary as of July 31, 2019 for each Named Executive Officer, except for Mr. Pandey, who would receive a payment of 100% of his base salary.

(2) Reflects payment of 75% of each Named Executive Officer's annual bonus target as of July 31, 2019, except for Mr. Pandey, who would receive a payment of 100% of his annual bonus target.

(3) Reflects the accelerated stock option and RSU payment values based upon the closing price of our Class A common stock of $22.70 on July 31, 2019, less any applicable exercise price in the case of stock options.

(4) Reflects COBRA premiums based on each Named Executive Officer's elected level of healthcare coverage.

(5) The amount reported excludes 100,000 PRSUs held by Mr. Pandey, the vesting of which upon a change of control transaction is conditioned upon the gross per-share price payable to holders of our Class A common stock in connection with the applicable change of control transaction exceeding $80. The closing price of our Class A common stock on July 31, 2019 was $22.70.

CEO PAY RATIO

Ratio

In accordance with Item 402(u) of Regulation S-K, promulgated under the Dodd Frank Act, we determined the ratio of: (1) the annual total compensation of our CEO, to (2) the median of the annual total compensation of all of our employees, except for our CEO, both calculated in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K. We believe this ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K under the Exchange Act.

For the fiscal year ended July 31, 2019:

- the annual total compensation of our CEO was $6,943,333;
- the median of the annual total compensation of all employees of our company (other than our CEO) was $179,305; and
- the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was 38.7:1.

Identification of Median Employee

We selected July 31, 2019 as the date on which to determine our employee population and the median employee. In determining this population, we included all worldwide full-time and part-time employees other than our CEO. We did not include any contractors in our employee population. As permitted by SEC rules, in order to identify our median employee, we elected to use total target cash compensation plus the grant date fair market value of equity awards, if any, as our consistently applied compensation measure, which we refer to herein as total target compensation and calculated as (i) base salary and target bonus as of July 31, 2019, and (ii) the grant date fair market value of equity awards issued during the previous twelve months. For employees paid in a currency other than U.S. dollars, we converted their compensation to U.S. dollars using the exchange rates used by us for various financial and accounting purposes in effect on July 31, 2019. To identify our median compensated employee, we then calculated the total target direct compensation for our global employee population and excluded employees at the median who had anomalous compensation characteristics.

The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. Consequently, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios. Additionally, due to our emphasis on pay-for-performance and the structure of our performance-based compensation for our CEO, his total direct compensation can be highly variable from one fiscal year to the next.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes our equity compensation plan information as of July 31, 2019. Information is included for equity compensation plans approved by our stockholders. We do not have any equity compensation plans not approved by our stockholders.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights(2)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))(3)
Equity plans approved by stockholders	30,882,425	$5.20	14,025,263
Equity plans not approved by stockholders	—	—	—

(1) Includes 8,740,309 outstanding stock options, 22,107,936 outstanding RSUs and 34,180 outstanding common stock warrants.

(2) The weighted average exercise price is calculated based solely on outstanding stock options, and does not take into account stock underlying restricted stock units, which generally have no exercise price.

(3) Includes 12,622,304 shares reserved for future equity grants under our 2016 Plan and 1,402,959 shares reserved for future stock purchase plan awards under our ESPP. Our 2016 Plan provides that the total number of shares reserved for issuance under the 2016 Plan will be automatically increased on the first day of each fiscal year beginning in fiscal 2018, by an amount equal to the least of (i) 18,000,000 shares, (ii) 5% of the outstanding shares of all classes of common stock as of the last day of our immediately preceding fiscal year, or (iii) such other amount as our board of directors may determine. Our ESPP currently provides that the number of shares of our Class A common stock available for sale under our 2016 ESPP will be automatically increased on the first day of each fiscal year beginning in fiscal 2018, by an amount equal to the least of (i) 3,800,000 shares, (ii) 1% of the outstanding shares of our Class A common stock as of the last day of the immediately preceding fiscal year, or (iii) such other amount as our board of directors may determine. Accordingly, on August 1, 2019, the number of shares of Class A common stock available for issuance under our 2016 Plan and our ESPP increased by 9,429,765 shares and 1,885,953 shares, respectively, pursuant to these provisions. These increases are not reflected in the table above.

STOCK OWNERSHIP INFORMATION

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of the close of business on October 21, 2019, certain information with respect to the beneficial ownership of our common stock: (a) by each person known by us to be the beneficial owner of more than five percent of the outstanding shares of Class A common stock or Class B common stock, (b) by each of our directors, (c) by each of our Named Executive Officers, and (d) by all of our current executive officers and directors as a group.

The percentage of shares beneficially owned shown in the table is based on 173,721,537 shares of Class A common stock and 18,422,043 shares of our Class B common stock outstanding as of the close of business on October 21, 2019. In computing the number of shares of capital stock beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares of our capital stock with respect to which the individual has the right to acquire beneficial ownership within 60 days of October 21, 2019 through the exercise of any stock option or other right. However, we did not deem such shares of our capital stock outstanding for the purpose of computing the percentage ownership of any other person.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown beneficially owned by them, subject to applicable community property laws. The information contained in the following table is not necessarily indicative of beneficial ownership for any other purpose, and the inclusion of any shares in the table does not constitute an admission of beneficial ownership of those shares. Except as otherwise noted below, the address for persons listed in the table is c/o Nutanix, Inc., 1740 Technology Drive, Suite 150, San Jose, CA 95110. The information provided in the table below is based on our records, information filed with the SEC and information provided to us, except where otherwise noted.

	Shares Beneficially Owned				% of Total Voting Power[(1)]
	Class A		Class B		
Name of Beneficial Owner	Shares	%	Shares	%	
5% Stockholders:					
Entities affiliated with Lightspeed Venture Partners[(2)]	190,363	*	4,141,783	22.5	11.6
Entities affiliated with Fidelity[(3)]	19,882,630	11.4	1,440,635	7.8	9.6
Ajeet Singh[(4)]	—	—	2,819,801	15.3	7.9
Generation Investment Management LLP[(5)]	14,422,782	8.3	—	—	4.0
Entities affiliated with the Vanguard Group[(6)]	11,956,664	6.9	—	—	3.3
Clearbridge Investments, LLC[(7)]	9,159,278	5.3	—	—	2.6
Named Executive Officers and Directors:					
Dheeraj Pandey[(8)]	277,802	*	11,827,592	64.2	33.1
Duston M. Williams[(9)]	257,347	*	655,000	3.6	1.9
David Sangster[(10)]	59,891	*	7,918	*	*
Tyler Wall[(11)]	44,889	*	—	—	*
Sunil Potti[(12)]	162,645	*	—	—	*
Louis J. Attanasio[(13)]	30,000	*	—	—	*
Susan L. Bostrom[(14)]	25,761	*	—	—	*
Craig Conway[(15)]	25,644	*	—	—	*
Steven J. Gomo[(16)]	87,861	*	—	—	*
John McAdam[(17)]	54,024	*	—	—	*
Ravi Mhatre[(18)]	1,006,177	*	4,141,783	22.5	11.9
Jeffrey T. Parks[(19)]	50,027	*	—	—	*
Michael P. Scarpelli[(20)]	16,512	*	75,000	*	*
Brian Stevens[(21)]	5,073	*	—	—	*
All directors and executive officers as a group (14 persons)[(22)]	2,103,653	1.2	16,707,293	90.7%	47.3%

* Denotes less than 1%

(1) Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. The holders of our Class B common stock are entitled to 10 votes per share, and holders of our Class A common stock are entitled to one vote per share.

(2) Consists of (i) 4,141,783 shares of Class B common stock held of record by Lightspeed Venture Partners VIII, L.P., or Lightspeed VIII, and (ii) 190,363 shares of Class A common stock held of record by Lightspeed Venture Partners Select, L.P., or Lightspeed Select. Lightspeed Ultimate General Partner VIII, Ltd., or LUGP VIII, is the sole general partner of Lightspeed General Partner VIII, L.P. which serves as the sole general partner of Lightspeed VIII. Barry Eggers, Ravi Mhatre and Peter Nieh are the directors of LUGP VIII and share voting and dispositive power over the shares held of record by Lightspeed VIII. Lightspeed Ultimate General Partner Select, Ltd., or LUGP Select, is the sole general partner of Lightspeed General Partner Select, L.P., which is the sole general partner of Lightspeed Select. Barry Eggers, Jeremy Liew, Ravi Mhatre and Peter Nieh are directors of LUGP Select and share voting and dispositive power over the shares held of record by Lightspeed Select. Mr. Mhatre disclaims his beneficial ownership of the shares held by the Lightspeed entities except to the extent of his pecuniary interest therein. The address for each of these entities is c/o Lightspeed Venture Partners, 2200 Sand Hill Road, Menlo Park, California 94025. Based on a Schedule 13G/A filed on February 14, 2019 by the Lightspeed entities and a Form 4 filed on July 8, 2019 by Ravi Mhatre.

(3) Consists of 19,882,630 shares of Class A common stock and 1,440,635 shares of Class B common stock held by investment companies advised by FMR Co., Inc. and Fidelity Management & Research (Hong Kong) Limited, both indirect wholly-owned subsidiaries of FMR LLC. Abigail P. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR LLC. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, or FMR Co, which power resides with the Fidelity Funds' Boards of Trustees. FMR Co carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address for FMR LLC is 245 Summer Street, Boston, Massachusetts 02210. Based on a Schedule 13G/A filed on February 13, 2019, a Form 13F filed on August 13, 2019 by the Fidelity entities and, with respect to holdings of Class B common stock, information supplied by our transfer agent, Computershare Trust Company, N.A, or our Transfer Agent.

(4) Consists of (i) 400,000 shares of Class B common stock held of record by the Singh/Sarahan 2014 Irrevocable Descendants Trust and (ii) 2,419,801 shares of Class B common stock held of record by Singh/Sarahan Revocable Trust. Ajeet Singh and Renu Saharan are co-trustees of both of these trusts. Based on a Schedule 13G/A filed by Ajeet Singh on February 13, 2018 and information supplied by our Transfer Agent.

(5) Consists of 14,422,782 shares of Class A common stock held of record by Generation Investment Management LLP. Based on a Schedule 13G filed on May 13, 2019 and a Form 13F filed on August 14, 2019. The address for Generation Investment Management LLP is 20 Air Street, 7th floor, London, United Kingdom W1B 5AN.

(6) Consists of 11,956,664 shares of Class A common stock beneficially owned by Vanguard Group 23-1945930. Based on a Schedule 13G filed on February 11, 2019 and a Form 13F filed on August 14, 2019. The address for Vanguard Group 23-1945930 is 100 Vanguard Blvd, Malvern, PA 19355.

(7) Consists of 9,159,278 shares of Class A common stock beneficially owned by Clearbridge Investments, LLC. Based on a Form 13F filed on August 14, 2019. The address for Clearbridge Investments, LLC is 620 8th Avenue, New York, NY 10018.

(8) Consists of (i) 5,592,938 shares of Class B common stock and 8,077 shares of Class A common stock held of record by The Pandey Revocable Trust for which Mr. Pandey and Mr. Pandey's spouse serve as co-trustees, (ii) 30,000 shares of Class B common stock held of record by Pandey Irrevocable Descendants' Trust for which Mr. Pandey's spouse serves as trustee, (iii) 2,970,000 shares of Class B common stock held of record by The Pandey 2017 Irrevocable Descendants' Trust for which Mr. Pandey and his spouse serve as co-trustees, (iv) 381,218 shares of Class B common stock held of record by the Pandey 2016 Annuity Trust FBO one of Mr. Pandey's minor children, for which Mr. Pandey and his spouse serve as co-trustees, (v) 381,218 shares of Class B common stock held of record by the Pandey 2016 Annuity Trust FBO one of Mr. Pandey's minor children, for which Mr. Pandey and his spouse serve as co-trustees, (vi) 381,218 shares of Class B common stock held of record by the Pandey 2016 Annuity Trust FBO one of Mr. Pandey's minor children, for which Mr. Pandey and his spouse serve as co-trustees, (vii) 250,975 shares of Class A common stock held by Mr. Pandey, (viii) 2,091,000 shares of Class B common stock subject to options exercisable within 60 days of October 21, 2019, of which 93,750 shares shall not vest within 60 days of October 21, 2019 and would, if exercised, be subject to a right of repurchase in our favor upon a cessation of service prior to vesting, and (vii) 18,750 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Pandey's continued service. Excludes 500,000 shares of Class B common stock and 375,000 shares of Class A common stock subject to time-based or performance-based vesting that shall not vest and settle within 60 days of October 21, 2019.

(9) Consists of (i) 218,597 shares of Class A common stock held of record by Mr. Williams, (ii) 31,250 shares of Class B common stock held of record by Mr. Williams,(iii) 623,750 shares of Class B common stock subject to options exercisable within 60 days of October 21, 2019, and (iv) 38,750 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Williams' continued service. Excludes 375,625 RSUs subject to time-based vesting that shall not vest and settle within 60 days of October 21, 2019.

(10) Consists of (i) 32,703 shares of Class A common stock held of record by Mr. Sangster, (ii) 7,918 shares of Class B common stock subject to options exercisable within 60 days of October 21, 2019, and (iii) 27,188 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Sangster's continued service. Excludes 451,875 RSUs subject to time-based vesting that shall not vest and settle within 60 days of October 18, 2018.

(11) Consists of (i) 21,452 shares of Class A common stock held of record by Mr. Wall and (ii) 23,437 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Wall's continued service. Excludes 220,313 RSUs subject to time-based vesting that shall not vest and settle within 60 days of October 21, 2019.

(12) Consists of 162,645 shares of Class A common stock held of record by The Potti Family 2017 Trust, for which Mr. Potti is the trustee. Based on information provided by Mr. Potti's personal broker. Mr. Potti's employment terminated effective June 21, 2019, and all outstanding unvested equity awards held by Mr. Potti as of this date were canceled.

(13) Consists of 30,000 shares of Class A common stock held of record by Attanasio & Jacobi Family Trust, for which Mr. Attanasio is the trustee. Based on information provided by Mr. Attanasio's personal broker. Mr. Attanasio's employment terminated effective March 8, 2019, and 250,000 outstanding RSUs held by Mr. Attanasio as of this date were accelerated in accordance with the terms of Mr. Attanasio's employment agreement. All remaining unvested equity awards held by Mr. Attanasio as of March 8, 2019 were canceled.

(14) Consists of (i) 13,551 shares of Class A common stock held of record by Ms. Bostrom and (ii) 12,210 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Ms. Bostrom's continued service. Excludes 5,980 RSUs subject to time-based vesting that shall not vest and settle within 60 days of October 21, 2019.

(15) Consists of (i) 13,551 shares of Class A common stock held of record by Mr. Conway and (ii) 12,093 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Conway's continued service. Excludes 5,980 RSUs subject to time-based vesting that shall not vest and settle within 60 days of October 21, 2019.

(16) Consists of (i) 81,454 shares of Class A common stock held of record by Mr. Gomo and (ii) 6,407 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Gomo's continued service.

(17) Consists of (i) 47,794 shares of Class A common stock held of record by Mr. McAdam and (ii) 6,230 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. McAdam's continued service. Mr. McAdam is retiring from our board of directors effective as of the end of his current term of office, which will expire at the Annual Meeting. As a result of his retirement, Mr. McAdam will not stand for re-election at the Annual Meeting.

(18) Consists of (i) 401,462 shares of Class A common stock held of record by Mhatre Investments LP - Fund I, (ii) 405,653 shares of Class A common stock held by Mr. Mhatre, (iii) the shares listed in footnote (2) above held by the Lightspeed entities, and (iv) 8,699 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Mhatre's continued service. Mr. Mhatre serves as the trustee of the general partner of Mhatre Investments LP - Fund I and, accordingly, exercises sole voting and dispositive power over shares held of record by Mhatre Investments LP - Fund I.

(19) Consists of (i) 37,217 shares of Class A common stock held of record by The Parks Trust, a trust beneficially owned by Mr. Parks, (ii) 4,287 shares of Class A common stock held of record by RC LP, which is holding such shares for the benefit of The Parks Trust, and (iii) 8,523 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Parks' continued service.

(20) Consists of (i) 75,000 shares of Class B common stock subject to options exercisable within 60 days of October 21, 2019, (ii) 8,165 shares of Class A common stock held of record by Mr. Scarpelli, and (iii) 8,347 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Scarpelli's continued service.

(21) Consists of 5,073 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019, subject to Mr. Stevens' continued service.

(22) Consists of (i) 1,927,946 shares of Class A common stock beneficially owned by our executive officers and directors, (ii) 13,909,625 shares of Class B common stock beneficially owned by our executive officers and directors, (iii) 2,797,668 shares of Class B common stock subject to options exercisable within 60 days of October 21, 2019, 93,750 of which shall not vest within 60 days of October 21, 2018 and would, if exercised, be subject to a right of repurchase in our favor upon a cessation of service prior to vesting, and (iv) 175,707 shares of Class A common stock received from RSUs that shall vest and settle within 60 days of October 21, 2019. Excludes 1,434,773 RSUs and 500,000 shares of Class B common stock subject to time-based or performance-based vesting that shall not vest and settle within 60 days of October 21, 2019.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of Nutanix's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Nutanix.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended July 31, 2019, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

PROPOSAL NO. 4: APPROVAL OF AMENDMENT OF 2016 EMPLOYEE STOCK PURCHASE PLAN

Reason for the Amendment

At the Annual Meeting, stockholders are being asked to approve certain amendments to the ESPP as described below, including an amendment to increase the number of shares of our Class A common stock, or the Shares, authorized for sale under the ESPP. These amendments collectively will be referred to as the ESPP Amendment. The ESPP was initially adopted by our Board in December 2015 and was approved by our stockholders in March 2016. The ESPP became effective in September 2016 in connection with our initial public offering, or IPO. The ESPP is intended to provide an incentive to our employees who are eligible to participate by allowing them to purchase Shares at a price equal to 85% of the lower of the fair market value of the Share on either the first or last trading day of the applicable purchase period. As a result, the ESPP helps us align our employees' interests with those of our stockholders and also assists us in recruiting, retaining and motivating qualified personnel who help us achieve our business goals, ultimately creating long-term value for our stockholders.

As of the Record Date, 2,329,531 Shares remained available for sale under the ESPP. As further described below, the ESPP currently contains a provision, commonly referred to as an Evergreen Provision, that, on an annual basis on the first day of the Company's fiscal year, automatically increases the maximum number of Shares available for sale under the ESPP by an amount that is equal to the least of (i) 3,800,000 Shares, (ii) a number of Shares equal to 1% of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding fiscal year, or (iii) an amount determined by the Compensation Committee, who is the administrator of the ESPP, or the Administrator. However, even if we take into account the additional Shares that would be available for sale under the ESPP pursuant to the Evergreen Provision, due to (i) the significant increase in our employee population, from approximately 4,010 employees as of July 31, 2018 to approximately 5,340 employees as of July 31, 2019, (ii) projected increases in our employee population over our coming fiscal years, and (iii) the current rate of shares being purchased under the ESPP, we currently estimate that the remaining Share reserve would only last us through approximately the September 20, 2020 purchase date. As a result, the ESPP Amendment would (i) remove the Evergreen Provision from the ESPP, and (ii) increase the number of Shares currently available for sale under the ESPP by 9,200,000 Shares, bringing the total number of Shares that remain available for sale under the ESPP to 11,529,531 Shares, which represents approximately 6% of our outstanding Shares as of the close of business on the Record Date. The Company's stockholders are being asked to approve the ESPP Amendment so that we may continue to operate the ESPP in light of its important role in encouraging equity ownership among our employees and assisting the Company to recruit, retain and motivate qualified personnel. Other than the ESPP Amendment, we have not made any material amendments to the ESPP since it became effective in September 2016.

The Compensation Committee and the Board have approved the ESPP Amendment, subject to the approval of our stockholders at the Annual Meeting. In considering its recommendation to approve the ESPP Amendment, the Compensation Committee and the Board analyzed the historical number of Shares purchased under the ESPP since our IPO, the motivational, recruiting and retention value of the ESPP, as well as the projected number of Shares required to fully fund the ESPP in future years. The number of Shares purchased under the ESPP in each of fiscal 2017, 2018 and 2019, was 1,246,054, 2,417,850 and 2,008,082, respectively. Although the Compensation Committee and the Board considered the historical Share purchases, the actual number of Shares that will be purchased under the ESPP in any given future year will depend on a number of factors including, for example, the number of participants, each participant's contribution rate, and our stock price. Based on usage in fiscal 2019 and projected participation numbers and contribution rates, we currently anticipate that the increased Share reserve represented by the ESPP Amendment would allow us to fully fund the ESPP for a period of approximately three years. However, the actual number of Shares that will be purchased under the ESPP, and time period over which the increased Share reserve will allow us to fully fund the ESPP, will vary based on the factors noted above.

If our stockholders do not approve the ESPP Amendment, our ESPP will remain in effect without the ESPP Amendment, but our goals of recruiting, retaining and motivating talented employees will be more difficult to meet. We believe that the approval of the ESPP Amendment is important to our continued success.

The following paragraphs provide a summary of the principal features of the ESPP and its operation. However, this summary is not a complete description of all of the provisions of the ESPP, and is qualified in its entirety by the specific language of the ESPP. A copy of the ESPP, as it is proposed to be amended, is provided as Appendix A to this Proxy Statement.

General. The ESPP is intended to have two components: (i) the first component, or the 423 Component, is intended to qualify as an employee stock purchase plan under Section 423 of the U.S. Internal Revenue Code of 1986, as amended, or the Code; and (ii) the second component, or the Non-423 Component, under which the ESPP authorizes the grant of an option to purchase Shares that are not intended to qualify under Section 423 of the Code, pursuant to rules, procedures or sub-plans adopted by the Administrator that are generally designed to achieve tax, securities laws, or other objectives for eligible employees and the Company.

Purpose. The purpose of the ESPP is to provide employees of the Company and its designated subsidiaries with an opportunity to purchase Shares through accumulated contributions as permitted under the ESPP. The ESPP serves as an important tool for us in recruiting, retaining and motivating talented employees and aligns our employees' interests with those of our stockholders by encouraging equity ownership among our employees.

Eligibility to Participate. In general, employees of Nutanix and any subsidiaries or affiliates that have been designed as eligible to participate in the ESPP who are customarily employed for at least 20 hours per week and more than five months in any calendar year by the applicable employer are eligible to participate in the ESPP. The Administrator may change the eligibility requirements consistent with the terms of the ESPP, but any such determination must be made before the start of the applicable offering period and, for each offering under the 423 Component, must be made on a uniform and nondiscriminatory basis. In the case of the Non-423 Component, eligible employees may be excluded from participation in the ESPP or an offering if the Administrator has determined that participation of such eligible employee is not advisable or practicable. As of the Record Date, approximately 5,498 employees are expected to be eligible to participate in the ESPP in the offering period that is scheduled to start on the first trading day on or after March 20, 2020.

However, an employee is not eligible to participate in the ESPP if, immediately after the grant of an option, he or she would own capital stock of the Company or its parent or subsidiary and/or hold outstanding options to purchase such stock equal to 5% or more of the total combined voting power or value of all classes of the Company's capital stock or the stock of any parent or subsidiary of the Company (including stock attributed to the applicable employee under Section 424(d) of the Code). In addition, an eligible employee's right to buy Shares under the ESPP may not accrue at a rate exceeding USD $25,000 worth of Shares (determined based on the fair market value of such Shares at the beginning of the applicable offering period) per calendar year for each calendar year in which the offering period is in effect.

Enrollment. Eligible employees may voluntarily elect to participate in the ESPP by (i) submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable enrollment date, a properly completed subscription agreement authorizing contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator. Each eligible employee who joins the ESPP is granted an option to purchase Shares on each enrollment date while participating in the ESPP and is automatically re-enrolled for additional rolling six-month purchase periods; provided, however, that an employee may cancel his or her enrollment at any time (subject to the terms of the ESPP). Eligible employees who participate in the ESPP are referred to collectively as Participants and individually as a Participant.

Contributions. Eligible employees may voluntarily elect to contribute in the ESPP through contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) in an amount not exceeding 15% of the applicable eligible employee's eligible compensation. For this purpose, eligible compensation generally includes the applicable eligible employee's regular and recurring straight time gross earnings, commissions, bonus and other incentive compensation, and payments for overtime. The Administrator may establish a different definition of compensation on a uniform and nondiscriminatory basis in its discretion, and may decrease the size of contributions to 0% at any time during an offering period to the extent necessary to comply with Section 423(b)(8) of the Code and other applicable terms of and limitations under the ESPP.

Purchase of Shares. Currently, Shares are offered under the ESPP through a series of consecutive offering periods approximately 12 months in duration that are scheduled to start on the first trading day on or after March 20 and September 20 of each year and terminate on the first trading day on or after March 20 and September 20, approximately 12 months later. Each offering period generally contains two consecutive six-month purchase periods. On the last trading day of each purchase period, the Company uses each Participant's payroll deductions or contributions to purchase Shares for the Participant.

The Administrator also has discretion to set a limit on the number of Shares that may be purchased during any six-month purchase period (currently 1,000 Shares, unless otherwise determined by the Administrator). Further, under certain circumstances whereby the number of Shares to be purchased in an purchase period exceeds the number of Shares available for purchase under the ESPP, the Administrator may make adjustments that result in the purchase of a lesser number of Shares. The Administrator also may decrease the size of contributions to 0% at any time during an offering period to the extent necessary to comply with Section 423(b)(8) of the Code and other applicable terms of and limitations under the ESPP. Until Shares have been purchased and delivered to a Participant (as evidenced by the appropriate entry in the Company's books or a duly authorized transfer agent of the Company), the Participant will have no voting, dividend, or other stockholder rights with respect to the Shares.

Purchase Price. Eligible employees are allowed to purchase Shares under the ESPP at a price equal to the lesser of (i) 85% of the fair market value of our Shares on the first trading day of the applicable offering period, or the Enrollment Date, or (ii) 85% of the fair market value of our Shares on the last trading day of the applicable purchase period, or the Exercise Date. To the extent permitted by applicable laws, if the fair market value of Shares on any Exercise Date in an offering period is lower than the fair market value of the Shares on the Enrollment Date of such offering period, then all Participants in such offering period will be automatically withdrawn from such offering period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following offering period as of the first day thereof.

Number of Shares of Common Stock Available for Sale under the ESPP. Currently, (i) a maximum of 8,960,898 Shares have been approved for sale pursuant to the ESPP, including those Shares added pursuant to the Evergreen Provision, and (ii) 2,329,531 Shares remain available for sale under the ESPP. If stockholders approve the ESPP Amendment, then (i) the maximum number of Shares available for sale under the ESPP will be increased to 18,160,898 Shares, and (ii) 11,529,531 Shares will be immediately available for sale under the ESPP. If stockholders do not approve the ESPP Amendment, no Shares will be added to the total number of Shares reserved for sale under the ESPP, other than pursuant to the Evergreen Provision, and the ESPP will continue under its existing terms.

Evergreen Provision. Currently, the ESPP provides that the maximum number of Shares that will be made available for issuance thereunder will be increased annually on the first day of the Company's fiscal year by an amount that is equal to the least of (i) 3,800,000 Shares, (ii) a number of Shares equal to 1% of the outstanding shares of all classes of the Company's common stock on the last day of immediately preceding fiscal year, or (iii) an amount determined by the Administrator. The ESPP Amendment, if approved by the stockholders, will remove this provision from the ESPP.

Administration. The Board, or a committee thereof designated by the Board that complies with applicable laws, may administer the ESPP. Currently, the Compensation Committee serves as the Administrator of the ESPP at the discretion of the Board and subject to the terms of the ESPP. Subject to the terms of the ESPP, the Administrator has full and exclusive discretionary authority to interpret and apply the terms of the ESPP, to establish rules, procedures, sub-plans, and appendices to the subscription agreement necessary for administration of the ESPP, to determine eligibility, to designate separate offerings under the ESPP, to designate subsidiaries and affiliates of the Company as participating in the 423 Component or the Non-423 Component, and to adjudicate all disputed claims filed under the ESPP. Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties. The Administrator also may adopt rules and procedures regarding: the definition of compensation, eligibility, handling of contributions, making of contributions to the ESPP, establishment of bank or trust accounts to hold contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures, and handling of stock certificates that vary with applicable local requirements.

Termination of Participation. Participation in the ESPP generally terminates when a Participant's employment with the Company or its subsidiaries ceases for any reason, the Participant withdraws from the ESPP, or the Company terminates or amends the ESPP such that the Participant no longer is eligible to participate. A Participant may withdraw his or her participation in the ESPP at any time in accordance with procedures, and prior to the deadline, specified by the Company's stock administration office. Upon withdrawal from the ESPP, generally the Participant will receive all amounts credited to his or her account, without interest (unless otherwise required by applicable law), and his or her payroll withholdings or contributions under the ESPP will cease.

Non-transferability. Neither contributions credited to a Participant's account nor any rights or interests under the ESPP may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution) by the applicable Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an offering period in accordance with the terms of the ESPP.

Certain Transactions. In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the Company's corporate structure affecting the Shares occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the ESPP, will, in such manner as it may deem equitable, adjust the number and class of Shares that may be delivered under the ESPP, the purchase price per Share and the number of Shares covered by each option under the ESPP that has not yet been exercised, and the numerical limits under the ESPP. In the event of the proposed dissolution or liquidation of the Company, any offering period then in progress will be shortened by setting a new Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. In the event of a merger or change of control of the Company, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the offering period with respect to which such option relates will be shortened by setting a new Exercise Date on which such offering period shall end.

Amendment and Termination. The Administrator, in its sole discretion, may amend, suspend or terminate the ESPP, or any part thereof, at any time and for any reason. The ESPP will continue in effect unless terminated by the Administrator in accordance with its terms. If the Administrator determines that the ongoing operation of the ESPP may result in unfavorable financial accounting consequences, the Administrator may modify, amend or terminate the ESPP to reduce or eliminate such accounting consequence. If the ESPP is terminated, the Administrator, in its discretion, may elect to terminate all outstanding offering periods either immediately or after completion of the purchase of Shares on the next Exercise Date (which may be adjusted to occur sooner than originally scheduled), or may elect to permit offering periods to expire in accordance with their terms. If options are terminated prior to expiration, then all amounts then credited to Participants' accounts that have not been used to purchase Shares will be returned the Participants, without interest (unless otherwise required by applicable law), as soon as administratively practicable.

Number of Shares Purchased by Certain Individuals and Groups

Participation in the ESPP is voluntary and dependent on each eligible employee's election to participate and his or her determination as to the level of contributions of eligible compensation. Further, the number of Shares that may be purchased under the ESPP is determined, in part, by the price of our Shares on the Enrollment Date and the Exercise Date.

Accordingly, the actual number of Shares that may be purchased by any individual is not determinable. For illustrative purposes only, the following table sets forth (a) the number of Shares that were purchased during fiscal 2019 under the ESPP, and (b) the weighted average per Share purchase price paid for such Shares, for each of our Named Executive Officers, all current executive officers as a group, and all other employees who participated in the ESPP as a group. Our executive officers have an interest in the approval of the ESPP Amendment by our stockholders because they are eligible to participate in the ESPP. Non-employee members of the Board are not eligible to participate in the ESPP.

Name of Individual or Identity of Group and Position	Number of Shares Purchased (#)	Weighted Average Purchase Price Per Share ($)
Dheeraj Pandey *Chief Executive Officer and Chairman*	—	—
Duston M. Williams *Chief Financial Officer*	1,389	25.37
David Sangster *Chief Operating Officer*	—	—
Tyler Wall *Chief Legal Officer*	616	38.21
Louis J. Attanasio *Former Chief Revenue Officer*	—	—
Sunil Potti *Former Chief Product Officer*	1,389	25.37
All current executive officers as a group[(1)]	2,005	29.31
All current directors who are not executive officers as a group[(2)]	—	—
All other employees (including all current officers who are not executive officers) as a group	2,004,688	28.50

(1) Mr. Attanasio's and Mr. Potti's employment terminated effective March 8, 2019 and June 21, 2019, respectively, and therefore Messrs. Attanasio and Potti are not included in the group of current executive officers.

(2) Non-employee directors are not eligible to participate in the ESPP.

U.S. Federal Income Tax Consequences

The following brief summary of the effect of U.S. federal income taxation upon the Participant and the Company with respect to the Shares purchased under the ESPP is based on management's understanding of current U.S. federal income tax laws, does not purport to be complete, and does not discuss the tax consequences of a Participant's death or the income tax laws of any state or foreign country in which the Participant may reside.

The 423 Component of the ESPP is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code. Under an employee stock purchase plan that so qualifies, no taxable income will be recognized by a Participant, and no deductions will be allowable to the Company, upon either the grant or the exercise of the purchase rights. Taxable income will not be recognized until there is a sale or other disposition of the Shares acquired under the ESPP or in the event of the Participant's death while still owning the purchased Shares.

If the Participant sells or otherwise disposes of the purchased Shares within two (2) years after the start date of the offering period in which the Shares were acquired or within one (1) year after the actual purchase date of those Shares, then the Participant generally will recognize ordinary income in the year of sale or disposition equal to the amount by which the fair market value of the Shares on the purchase date exceeded the purchase price paid for those Shares, and the Company will be entitled to an income tax deduction, for the taxable year in which such disposition occurs equal in amount to such excess. The amount of this ordinary income will be added to the Participant's basis in the Shares, and any resulting gain or loss recognized upon the sale or disposition will be a capital gain or loss. If the Shares have been held for more than one (1) year since the date of purchase, the gain or loss will be long-term.

If the Participant sells or disposes of the purchased Shares more than two (2) years after the start date of the offering period in which the Shares were acquired and more than one (1) year after the actual purchase date of those Shares, then the Participant generally will recognize ordinary income in the year of sale or disposition equal to the lesser of (a) the amount by which the fair market value of the Shares on the sale or disposition date exceeded the purchase price paid for those Shares, or (b) 15% of the fair market value of the Shares on the start date of that offering period. Any additional gain upon the disposition will be taxed as a long-term capital gain. Alternatively, if the fair market value of the Shares on the date of the sale or disposition is less than the purchase price, there will be no ordinary income and any loss recognized will be a long-term capital loss. The Company will not be entitled to an income tax deduction with respect to such disposition.

Registration of Shares

If the ESPP Amendment is approved by our stockholders, the Board intends to cause the additional Shares that will become available for sale as a result of the ESPP Amendment to be registered on a Form S-8 Registration Statement to be filed with the SEC at the Company's expense prior to the sale of any such Shares.

Summary and Recommendation of the Board

The Board believes that it is in the best interests of the Company and our stockholders to continue to provide eligible employees with the opportunity to purchase Shares through the ESPP, which plays an important role in encouraging equity ownership among our employees and assisting the Company to recruit, retain and motivate talented employees. We strongly believe that the ESPP is essential for us to compete for talent in the labor markets in which we operate. Accordingly, the Board unanimously recommends a vote FOR the approval of the ESPP Amendment.

Vote Required

Approval of Proposal 4 requires **FOR** votes from the holders of a majority of the voting power of the shares present at the Annual Meeting or represented by proxy thereat and entitled to vote on the proposal. Abstentions are considered votes present and entitled to vote on this proposal, and thus will have the same effect as a vote **AGAINST** the proposal. Broker non-votes will have no effect as a vote on the outcome of this proposal.

Our board of directors recommends a vote **FOR** the approval of the ESPP Amendment, as described in this proxy statement.

OTHER MATTERS

Our board of directors knows of no other matters that will be presented for consideration at the virtual Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the associated proxy to vote on such matters in accordance with their best judgment.

We have filed our Annual Report on Form 10-K for the fiscal year ended July 31, 2019 with the SEC. It is available free of charge at the SEC's web site at www.sec.gov. Stockholders can also access this proxy statement and our Annual Report on Form 10-K for the fiscal year ended July 31, 2019 at http://ir.nutanix.com, or a copy of our Annual Report on Form 10-K for the fiscal year ended July 31, 2019 is available without charge upon written request to our Secretary at 1740 Technology Dr., Suite 150, San Jose, California 95110.

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APPENDIX A - Proposed Amended & Restated 2016 Employee Stock Purchase Plan

NUTANIX, INC.

AMENDED & RESTATED 2016 EMPLOYEE STOCK PURCHASE PLAN

(as amended and restated on ,)

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company intends for the Plan to have two components: a Code Section 423 Component ("423 Component") and a non-Code Section 423 Component ("Non-423 Component"). The Company's intention is to have the 423 Component of the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of an option to purchase shares of Common Stock under the Non-423 Component that does not qualify as an "employee stock purchase plan" under Section 423 of the Code; such an option will be granted pursuant to rules, procedures or sub-plans adopted by the Administrator designed to achieve tax, securities laws or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. Definitions.

   (a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

   (b) "Affiliate" means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.

   (c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

   (d) "Board" means the Board of Directors of the Company.

   (e) "Change in Control" means the occurrence of any of the following events:

      (i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control.

      Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event shall not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

      (ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(h) "Common Stock" means the Class A common stock of the Company.

(i) "Company" means Nutanix, Inc., a Delaware corporation, or any successor thereto.

(j) "Compensation" means an Eligible Employee's base straight time gross earnings, commissions, bonus and other incentive compensation, and payments for overtime. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

(k) "Contributions" means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) "Designated Company" means any Subsidiary or Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the

423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the 423 Component shall not be a Designated Company under the Non-423 Component.

(m) "Director" means a member of the Board.

(n) "Eligible Employee" means any individual who is a common law employee providing services to the Company or a Designated Company and is customarily employed for at least 20 hours per week and more than 5 months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering or for Eligible Employees participating in the Non-423 Component. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. Where the period of leave exceeds 3 months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated 3 months and 1 day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (for each Offering under the 423 Component, on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least 2 years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator or the Company's stock administration in its discretion), (ii) customarily works not more than 20 hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than 5 months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering under the 423 Component in an identical manner to all highly compensated individuals of the Employer whose Employees are participating in that Offering under the 423 Component. Each exclusion shall be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii). Such exclusions may be applied with respect to an Offering under the Non- 423 Component without regard to the limitations of Treasury Regulation Section 1.423-2.

(o) "Employer" means the employer of the applicable Eligible Employee(s).

(p) "Enrollment Date" means the first Trading Day of each Offering Period.

(q) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) "Exercise Date" means the first Trading Day on or after March 20 and September 20 of each Purchase Period. Notwithstanding the foregoing, the first Exercise Date under the Plan will be September 20, 2016.

(s) "Fair Market Value" means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, its Fair Market Value will be the closing sales price (or the closing bid, if no sales were reported) for such stock as quoted on such exchange or system on the date of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator; or

(iv) For purposes of the Enrollment Date of the first Offering Period under the Plan, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Common Stock (the "Registration Statement").

(t) "Fiscal Year" means the fiscal year of the Company.

(u) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(w) "Offering Periods" means the periods of approximately 12 months during which an option granted pursuant to the Plan may be exercised, (i) commencing on the first Trading Day on or after March 20 and September 20 of each year and terminating on the first Trading Day on or after March 20 and September 20, approximately 12 months later; provided, however, that the first Offering Period under the Plan will commence with the first Trading Day on or after the date on which the Securities and Exchange Commission declares the Company's Registration Statement effective and will end on a date determined by the Administrator, and provided, further, that the second Offering Period under the Plan will commence on a date determined by the Administrator. The duration and timing of Offering Periods may be changed pursuant to Sections 4 and 19.

(x) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code in relation to the Company.

(y) "Participant" means an Eligible Employee that participates in the Plan.

(z) "Plan" means this Nutanix, Inc. Amended & Restated 2016 Employee Stock Purchase Plan.

(aa) "Purchase Period" means the approximately 6-month period commencing after one Exercise Date and ending with the next Exercise Date, except that the first Purchase Period of any Offering Period will commence on the Enrollment Date and end with the next Exercise Date.

(bb) "Purchase Price" means an amount equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or pursuant to Section 19.

(cc) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code in relation to the Company.

(dd) "Trading Day" means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(ee) "U.S. Treasury Regulations" means the Treasury regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

3. Eligibility.

   (a) First Offering Period. Any individual who is an Eligible Employee immediately prior to the first Offering Period will be automatically enrolled in the first Offering Period.

   (b) Subsequent Offering Periods. Any Eligible Employee on a given Enrollment Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

   (c) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, an Eligible Employee may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employee is not advisable or practicable.

   (d) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing 5% or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds $25,000 worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after March 20 and September 20 each year, or on such other date as the Administrator will determine; provided, however, that the first Offering Period under the Plan will commence with the first Trading Day on or after the date upon which the Company's Registration Statement is declared effective by the Securities and Exchange Commission and end on a date determined by the Administrator, and provided, further, that the second Offering Period under the Plan will commence on a date determined by the Administrator. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter; provided, however, that no Offering Period may last more than 27 months.

5. Participation.

   (a) First Offering Period. An Eligible Employee will be entitled to continue to participate in the first Offering Period pursuant to Section 3(a) only if such individual submits a subscription agreement authorizing Contributions in a form determined by the Administrator (which may be similar to the form attached hereto as Exhibit A) to the Company's designated plan administrator (i) no earlier than the effective date of the Form S-8 registration statement with respect to the issuance of Common Stock under this Plan and (ii) no later than 10 business days following the effective date of such S-8 registration statement or such other period of time as the Administrator may determine (the "Enrollment Window"). An Eligible Employee's failure to submit the subscription agreement during the Enrollment Window will result in the automatic termination of such individual's participation in the first Offering Period.

   (b) Subsequent Offering Periods. An Eligible Employee may participate in the Plan pursuant to Section 3(b) by (i) submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount not exceeding 15% of the Compensation, which he or she receives on each pay day during the Offering Period; provided, however, that should a pay day occur on an Exercise Date, a Participant will have any payroll deductions made on such day applied to his or her account under the subsequent Purchase Period or Offering Period. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the end of the Enrollment Window.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. A Participant's ability to change the rate of his or her Contributions may be set forth in policies approved by the Company's stock administration from time to time. If a change in Contribution rate is permitted, a Participant may change the rate by (i) properly completing and submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Administrator and the Company's stock administration may, in its sole discretion, limit the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period, and may establish such other conditions or limitations as it deems appropriate for Plan administration. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective in accordance with policies approved by the Company's stock administration from time to time.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d), a Participant's Contributions may be decreased to 0% at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(d) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Eligible Employees to participate in the Plan via cash contributions instead of payroll deductions (i) if payroll deductions are not permitted under Applicable Laws, (ii) if the Administrator determines that cash contributions are permissible for Participants participating in the Section 423 Component, or (iii) for Participants participating in the Non-423 Component.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than 1,000 shares of Common Stock (subject to any adjustment pursuant to Section 18) and provided further that such purchase will be subject to the limitations set forth in Sections 3(d) and 13. The Eligible Employee may accept the grant of such option (i) with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5 on or before the last day of the Enrollment Window, and (ii) with respect to any subsequent Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period of an Offering Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

   (a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account, which are not sufficient to purchase a full share will be retained in the Participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

   (b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 19. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased

upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure determined by the Administrator. The Company's stock administration may set forth a deadline of when a withdrawal must occur to be effective prior to a given Exercise Date in accordance with policies it may approve from time to time. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant, or, in the case of his or her death, to the person or persons entitled thereto, and such Participant's option will be automatically terminated. Unless determined otherwise by the Administrator in a manner that, with respect to an Offering under the 423 Component, is permitted by, and compliant with, Section 423 of the Code, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company shall not be treated as terminated under the Plan; however, no Participant shall be deemed to switch from an Offering under the Non-423 Component to an Offering under the 423 Component or vice versa unless (and then only to the extent) such switch would not cause the 423 Component or any Option thereunder to fail to comply with Section 423 of the Code.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall, with respect to Offerings under the 423 Component, apply to all Participants in the relevant Offering, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 18 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 11,529,531 shares of Common Stock.

(b) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will have only the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures, sub-plans and appendices to the subscription agreement as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which sub-plans and appendices may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan or appendix, the provisions of this Plan shall govern the operation of such sub-plan or appendix). Unless otherwise determined by the Administrator, the Employees eligible to participate in each sub-plan will participate in a separate Offering or in the Non-423 Component, unless such designation would cause the 423 Component to violate the requirements of Section 423 of the Code. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

16. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party. Until shares of Common Stock are issued, Participants will have only the rights of an unsecured creditor with respect to such shares.

17. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

18. Adjustments, Dissolution, Liquidation, Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

19. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 18). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 19(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of Shares a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Participants.

20. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

22. Code Section 409A. The Plan is intended to be exempt from the application of Code Section 409A, and, to the extent not exempt, is intended to comply with Code Section 409A and any ambiguities herein will be interpreted to so be exempt from, or comply with, Code Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Code Section 409A.

23. Term of Plan. The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect for a term of 20 years, unless sooner terminated under Section 19.

24. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within 12 months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

25. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions).

26. No Right to Employment. Participation in the Plan by a Participant shall not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

27. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

28. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

29. Automatic Transfer to Low Price Offering Period. To the extent permitted by Applicable Laws, if the Fair Market Value of the Common Stock on any Exercise Date in an Offering Period is lower than the Fair Market Value of the Common Stock on the Enrollment Date of such Offering Period, then all participants in such Offering Period will be automatically withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

EXHIBIT A

NUTANIX, INC.

AMENDED & RESTATED 2016 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

Original Application Offering Date: ______________________________

Change in Payroll Deduction Rate

1. I hereby elect to participate in the Nutanix, Inc. Amended & Restated 2016 Employee Stock Purchase Plan (the "Plan") and subscribe to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Plan. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Plan.

2. I hereby authorize payroll deductions from each paycheck in the amount of % of my Compensation on each payday (from 1 to 15%)during the Offering Period in accordance with the Plan. (Please note that no fractional percentages are permitted.)

3. I understand that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option and purchase Common Stock under the Plan.

4. I understand that the Company may elect to terminate, suspend or modify the terms of the Plan at any time. I agree to be bound by such termination, suspension or modification regardless of whether notice is given to me of such event, subject in any case to my right to timely withdraw from the Plan in accordance with the Plan withdrawal procedures then in effect.

5. I have received a copy of the complete Plan and its accompanying prospectus. I understand that my participation in the Plan is in all respects subject to the terms of the Plan.

6. I understand that if I am a U.S. taxpayer participating in an offering under the Section 423 Component of the Plan and I dispose of any shares received by me pursuant to the Plan within two (2) years of the Offering Date (the first Trading Day of the Offering Period during which I purchased such shares) or one (1) year of the Exercise Date, I will be treated for U.S. federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price that I paid for the shares. I hereby agree to notify the Company in writing within thirty (30) days after the date of any disposition of my shares and I will make adequate provision for U.S. federal, state, foreign or other tax withholding obligations, if any, which arise upon the disposition of the Common Stock. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the two (2)-year and one (1)-year holding periods, I understand that I will be treated for U.S. federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (a) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares, or (b) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. I acknowledge that, regardless of any action taken by the Company or, if different, my employer (the "Employer") with respect to any or all income tax, social security, payroll tax, fringe benefit, or other tax-related items related to my participation in the Plan and legally applicable to me ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains my responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, I acknowledge that the

Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the options under the Plan, including the grant of such options, the purchase and sale of shares of Common Stock acquired under the Plan and/or the receipt of any dividends on such shares, and (ii) do not commit to and are under no obligation to structure the terms of the grant of options or any aspect of my participation in the Plan to reduce or eliminate my liability for Tax-Related Items or achieve any particular tax result. Further, if I am or become subject to Tax-Related Items in more than one jurisdiction, I acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

8. Prior to the purchase of shares of Common Stock under the Plan or any other relevant taxable or tax withholding event, as applicable, I agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (1) withholding from my wages or Compensation paid to me by the Company and/or the Employer; or (2) withholding from proceeds of the sale of the shares of Common Stock purchased under the Plan either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization). Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable maximum rates, in which case I will receive a cash refund of any over-withheld amount not remitted to tax authorities on my behalf and will have no entitlement to the Common Stock equivalent. Finally, I agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of my participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to purchase shares of Common Stock under the Plan on my behalf and/or refuse to issue or deliver the shares or the proceeds of the sale of shares if I fail to comply with my obligations in connection with the Tax-Related Items.

9. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

10. The Subscription Agreement is governed by the internal substantive laws but not the choice of law rules of California. For purposes of any action, lawsuit or other proceedings brought to enforce the Subscription Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the state courts of Santa Clara County, California, or the United States District Court for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

11. Notwithstanding any provision of this Subscription Agreement, I understand that if I am working or resident in a country other than the United States, my participation in the Plan also shall be subject to the Additional Terms and Conditions for Non-U.S. Participants set forth in Appendix A attached hereto and any special terms and conditions for my country set forth in Appendix B attached hereto. Further, I understand that if I relocate to one of the countries included in Appendix B, the special terms and conditions for such country will apply to me to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix A and Appendix B constitute part of this Subscription Agreement.

12. The provisions of the Subscription Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

13. I acknowledge that a waiver by the Company of breach of any provision of the Subscription Agreement shall not operate or be construed as a waiver of any other provision of the Subscription Agreement, or of any subsequent breach by me or any other participant.

14. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the Plan, or my acquisition or sale of the underlying shares of Common Stock. I am hereby advised to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.

15. I hereby agree to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Plan.

Employee's ID Number: ______________________________

Employee's Address: ______________________________

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I UNDERSTAND THAT MY PARTICIPATION UNDER THE TERMS OF THIS SUBSCRIPTION AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME OR IF I CEASE TO BE AN ELIGIBLE EMPLOYEE.

Dated: ______________________________ ______________________________

Signature of Employee

APPENDIX A

NUTANIX, INC.

AMENDED & RESTATED 2016 EMPLOYEE STOCK PURCHASE PLAN

ADDITIONAL TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Nutanix, Inc. Amended & Restated 2016 Employee Stock Purchase Plan.

1. Conversion of Payroll Deductions. I understand that if my payroll deductions or Contributions under the Plan are made in any currency other than U.S. dollars, such payroll deductions or Contributions will be converted to U.S. dollars on or prior to the Exercise Date using a prevailing exchange rate in effect at the time such conversion is performed, as determined by the Administrator. I understand and agree that neither the Employer nor the Company (nor any Parent, Subsidiary or Affiliate of the Company) will be liable for any foreign exchange rate fluctuation between my local currency and the U.S. dollar that may affect the amount of my Contributions, the value of the options granted to me under the Plan or the value of any amounts due to me under the Plan, including the amount of proceeds due to me upon the sale of any shares of Common Stock acquired under the Plan.

2. Nature of Grant. By electing to participate in the Plan, I acknowledge, understand and agree that:

   (a) the Plan is established voluntarily by the Company and it is discretionary in nature;

   (b) all decisions with respect to future grants of options under the Plan, if any, will be at the sole discretion of the Company;

   (c) the grant of options under the Plan shall not create a right to employment or be interpreted as forming an employment contract with the Company, the Employer, or any other Parent, Subsidiary or Affiliate, and shall not interfere with the ability of the Company or the Employer, as applicable, to terminate my employment (if any);

   (d) I am voluntarily participating in the Plan;

   (e) the options granted under the Plan and the shares of Common Stock underlying such options, and the income and value of same, are not intended to replace any pension rights or compensation;

   (f) the options granted under the Plan and the shares of Common Stock underlying such options, and the income and value of same, are not part of my normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;

   (g) unless otherwise agreed with the Company, the options granted under the Plan and the shares of Common Stock underlying such options, and the income and value of same, are not granted as consideration for, or in connection with, the service I may provide as a director of a Subsidiary or Affiliate;

   (h) the future value of the shares of Common Stock underlying the options granted under the Plan is unknown, indeterminable and cannot be predicted with certainty;

   (i) the shares of Common Stock that I acquire under the Plan may increase or decrease in value, even below the Purchase Price;

   (j) no claim or entitlement to compensation or damages shall arise from the forfeiture options granted to me under the Plan as a result of the termination of my status as an Eligible Employee (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any) and, in consideration of the grant of options under the Plan to which I otherwise am not entitled, I irrevocably agree never to institute a claim against the Company, the Employer, or any other Parent, Subsidiary or Affiliate, waive my ability, if any, to bring such claim, and release the Company, the Employer, and any other Parent, Subsidiary or Affiliate from any such claim that may arise; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, I shall be deemed irrevocably to have agreed not to pursue such claim and I agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) in the event of the termination of my status as an Eligible Employee (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), my right to participate in the Plan and any options granted to me under the Plan, if any, will terminate effective as of the date that I no longer am actively employed by the Company or one of its Parents, Subsidiaries or Affiliates and, in any event, will not be extended by any notice period mandated under the employment laws in the jurisdiction in which I am employed or the terms of my employment agreement, if any (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to the employment laws in the jurisdiction in which I am employed or the terms of my employment agreement, if any); the Company shall have the exclusive discretion to determine when I no longer am actively employed for purposes of my participation in the Plan (including whether I still may be considered to be actively employed while on a leave of absence); and

(l) the grant of the option to purchase shares of Common Stock under the Plan and the benefits evidenced by the Subscription Agreement do not create any entitlement not otherwise specifically provided for in the Plan, or provided by the Company in its discretion, to have such rights or benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with a sale of substantially all of the Company's assets or a merger of the Company in which the Company is not the surviving corporation.

3. Data Privacy.

(a) *I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in the Subscription Agreement and any other Plan materials ("Data") by and among, as applicable, the Employer, the Company and its Parents, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing my participation in the Plan. I understand that Data may include certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all options granted under the Plan or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in my favor.*

(b) *I understand that Data will be transferred to such stock plan service provider as may be designated by the Company from time to time (the "Designated Broker"), which is assisting the Company with the implementation, administration and management of the Plan. I understand that the recipients of Data may be located in the United States or elsewhere, and that a recipient's country of operation (e.g., the United States) may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of Data by contacting my local human resources representative.*

(c) *I authorize the Company, the Designated Broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the Plan. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. Further, I understand that I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke my consent, my employment status or career with the Company or the Employer will not be adversely affected; the only consequence of refusing or withdrawing my consent is that the Company would not be able to grant me options under the Plan or other equity awards, or administer or maintain* *such awards. Therefore, I understand that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.*

(d) *Finally, upon request of the Company or the Employer, I agree to provide an executed data privacy consent form to the Company and/or the Employer (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from me for the purpose of administering my participation in the Plan in compliance with the data privacy laws in my country, either now or in the future. I understand and agree that I will not be able to participate in the Plan if I fail to provide any such consent or agreement requested by the Company and/or the Employer.*

4. Compliance with Law. Notwithstanding any other provision of the Plan or the Subscription Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Company shall not be required to deliver any shares issuable upon purchase of shares under the Plan prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. I understand that the Company is under no obligation to register or qualify the shares of Common Stock with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, I agree that the Company shall have unilateral authority to amend the Plan and the Subscription Agreement without my consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

5. Language. If I have received the Subscription Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

6. Insider Trading. By participating in the Plan, I agree to comply with the Company's policy on insider trading (to the extent that it is applicable to me). Further, I acknowledge that my country of residence also may have laws or regulations governing insider trading and that such laws or regulations may impose additional restrictions on my ability to participate in the Plan (*e.g.*, acquiring or selling shares of Common Stock) and that I am solely responsible for complying with such laws or regulations.

7. Imposition of Other Requirements. The Company reserves the right to impose other requirements on my participation in the Plan, on any shares of Common Stock purchased under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

APPENDIX B

NUTANIX, INC.

AMENDED & RESTATED 2016 EMPLOYEE STOCK PURCHASE PLAN

COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Nutanix, Inc. Amended & Restated 2016 Employee Stock Purchase Plan.

Terms and Conditions

I understand that this Appendix B includes additional terms and conditions that govern the options to purchase shares of Common Stock granted to me under the Plan if I work or reside in one of the countries listed below. If I am a citizen or resident of a country other than the one in which I currently am working (or if I am considered as such for local law purposes), or if I transfer employment or residence to another country after enrolling in the Plan, I acknowledge and agree that the Company, in its discretion, will determine the extent to which the terms and conditions herein will be applicable to me.

Notifications

This Appendix B also includes information regarding securities laws, exchange controls and certain other issues of which I should be aware with respect to my participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of [DATE]. Such laws are often complex and change frequently. As a result, the Company recommends that I do not rely on the information in this Appendix B as the only source of information relating to the consequences of my participation in the Plan because the information included herein may be out of date at the time that I acquire shares of Common Stock under the Plan or subsequently sell such shares.

In addition, the information contained herein is general in nature and may not apply to my particular situation and the Company is not in a position to assure me of any particular result. Accordingly, I am advised to seek appropriate professional advice as to how the relevant laws in my country may apply to my individual situation.

Finally, if I am a citizen or resident of a country other than the one in which I currently am working or residing (or if I am considered as such for local law purposes), or if I transfer employment or residence to another country after options have been granted to me under the Plan, the information contained herein may not be applicable to me in the same manner.

[NON-US DESIGNATED COMPANIES AND RELATED TERMS AND CONDITIONS TO COME IF THE ADMINISTRATOR APPROVES SUCH ENTITES AS DESIGNATED COMPANIES UNDER THE ESPP]

EXHIBIT B

NUTANIX, INC.

AMENDED & RESTATED 2016 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

The undersigned participant in the Offering Period of the Nutanix, Inc. Amended & Restated 2016 Employee Stock Purchase Plan that began on ______________, ______________ (the "Offering Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

____

____

____

____

Signature:

____

Date: ______________________________________

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-37883

NUTANIX, INC.
(Exact name of registrant as specified in its charter)

Delaware	**27-0989767**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1740 Technology Drive, Suite 150
San Jose, CA 95110
(Address of principal executive offices, including zip code)

(408) 216-8360
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A common stock, $0.000025 par value per share	NTNX	NASDAQ Global Select Market

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐ (Do not check if a smaller reporting company)	Smaller Reporting Company	☐
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.	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of January 31, 2019 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $7.9 billion, based upon the closing sale price of such stock on the NASDAQ Stock Market. The registrant has no non-voting common equity.

As of August 31, 2019, the registrant had 170,416,856 shares of Class A common stock, $0.000025 par value per share, and 18,440,200 shares of Class B common stock, $0.000025 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

As noted herein, the information called for by Parts II and III is incorporated by reference to specified portions of the registrant's definitive proxy statement to be filed in conjunction with the registrant's 2019 annual meeting of stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended July 31, 2019.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), which statements involve substantial risks and uncertainties. Other than statements of historical fact, all statements contained in this Annual Report on Form 10-K including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "plan," "intend," "could," "would," "expect," or words or expressions of similar substance or the negative thereof, that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. Forward-looking statements included in this Annual Report on Form 10-K include, but are not limited to, statements regarding:

- our future billings, revenue, cost of revenue and operating expenses, as well as changes in the cost of product revenue, component costs, product gross margins and support, entitlements and other services revenue and changes in research and development, sales and marketing and general and administrative expenses;
- our business plans, initiatives and objectives, our ability to execute such plans, initiatives and objectives in a timely manner, and the impact of such plans, initiatives and objectives on our business, operations, and financial results;
- our plans for, and the timing of, changes to our business model, including our ongoing transition to a subscription-based business model, our ability to manage, complete or realize the benefits of such transitions successfully and in a timely manner, and the short-term and long-term impacts of such transitions on our business, operations and financial results;
- the benefits and capabilities of our platform, products, services and technology;
- our growth strategy, our ability to effectively achieve and manage our growth, and the amount, timing and impact of any investments to grow our business, including plans to continue to increase demand generation and marketing spending, and continue to invest in our global engineering, research and development and sales and marketing teams;
- anticipated trends, growth rates and challenges in our business and in the markets in which we operate, including the segmentation and productivity of our sales team;
- our ability to develop new solutions, product features and technology and bring them to market in a timely manner, as well as the impact of including additional solutions in our product portfolio;
- market acceptance of new technology and recently introduced solutions;
- the interoperability and availability of our solutions with and on third-party hardware platforms;
- our ability to increase sales of our solutions, particularly to large enterprise customers;
- our ability to attract new end customers and retain and grow sales from our existing end customers;
- our ability to maintain and strengthen our relationships with our channel partners and OEMs, and the impact of any changes to such relationships on our business, operations and financial results;
- the effects of seasonal trends on our results of operations;
- our expectations concerning relationships with third parties, including our ability to compress and stabilize sales cycles;
- our ability to maintain, protect and enhance our intellectual property;
- our exposure to and ability to guard against cyber attacks and other actual or perceived security breaches;
- our ability to continue to expand internationally;
- the effects of increased competition in our market and our ability to compete effectively;

- anticipated capital expenditures;
- future acquisitions or investments in complementary companies, products, services or technologies and the ability to successfully integrate completed acquisitions;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally, including recent changes in global tax laws;
- macroeconomic and industry trends, projected growth or trend analysis;
- our ability to attract and retain qualified employees and key personnel; and
- the sufficiency of cash balances to meet cash needs for at least the next 12 months.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs in light of the information currently available to us. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment and new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. The forward-looking statements in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise or publicly release the results of any revision to these forward-looking statements to reflect new information or the occurrence of unanticipated or subsequent events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements.

PART I

ITEM 1. Business

Overview

Nutanix, Inc. ("we," "us," "our" or "Nutanix") provides a leading enterprise cloud platform that consists of software solutions that power many of the world's business applications by digitizing the traditional silos of enterprise computing. Founded in 2009, we pioneered hyperconverged infrastructure ("HCI"), initially combining the disparate IT silos of compute, storage and networking into a single on-premises product. As the market realized the power, scalability and customer choice that HCI provides, we continued to innovate, and Acropolis Hypervisor ("AHV") - our hypervisor that provides free virtualization designed to run all virtualized applications - was born. To give our customers even more choice, we engineered our software solutions to run on a variety of underlying hardware platforms, decoupling our software from our Nutanix-branded hardware appliances and creating a true enterprise cloud operating system that can power a variety of on-premises private cloud deployments; a significant step in our transition from a hardware to a software company. That transition has continued with the adoption of "cloud" as a mainstream IT paradigm, which has caused enterprises to move toward hybrid cloud architectures that allow businesses to simultaneously utilize a private cloud powered by Nutanix software, leverage third-party public cloud solutions where applicable, and distribute their IT architecture to the edge where their businesses increasingly engage with devices and users. We continue to transform our software solutions into a comprehensive enterprise cloud platform, based on web-scale engineering and operational simplicity, which allows our customers to take advantage of the paradigm shift by providing simple-to-use and integrated solutions that can power nearly any scale IT deployment, while giving customers the freedom of choice to connect their Nutanix powered on-premises deployments with, and to run applications across, various cloud environments, utilizing various hardware platforms and taking advantage of various virtualization solutions. Today, our enterprise cloud platform natively converges compute, virtualization, storage, networking, desktop and security services into one integrated, simple-to-consume solution. Further, although our customers primarily use our enterprise cloud platform to power their on-premises private cloud deployments, our solutions also allow enterprises to simplify the complexities of a multi-cloud environment with automation, cost governance and compliance. The end result will be an enterprise cloud platform that empowers our customers to unify various clouds - on-premises private, public and distributed - into one seamless cloud, allowing enterprises to choose the right cloud for each application.

In addition to our transition to a software-centric business model, and in order to further capitalize on the hybrid cloud paradigm shift and provide our customers with additional freedom to choose the best way to consume our enterprise cloud platform based on their specific business needs, we are also reshaping our licensing models in order to better meet changing customer demands by moving toward a subscription-based business model over the long term. A subscription-based business model means one in which our products, including associated support and entitlement arrangements, are sold with a defined term. For more information, see the section titled "Components of Our Results of Operations" included in Part II, Item 7, as well as Note 3 of Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K. That transition will result in our traditional life-of-device licensing models being increasingly replaced by term-based licenses, providing our customers with a subscription consumption option that matches the way they consume third-party public cloud services, and will provide true license portability across hybrid cloud deployments. We believe that these transitions - from hardware to software solutions, and from life-of-device to subscription models - will contribute to our long-term growth, although they may have an adverse impact on our business and financial performance in the near term. In fiscal 2019, our subscription billings increased to 60.5% of total billings, up 19 percentage points from fiscal 2018, and our subscription revenue reached $648.4 million, representing a year-over-year increase of 96.1%.

Our Enterprise Cloud Platform

Our enterprise cloud platform, which includes the software features, products and services described below, allows our customers to meld their on-premises private clouds with both third-party public clouds and distributed cloud operating infrastructures and uses powerful distributed systems architecture that natively converges compute, virtualization, storage, networking, desktop and security services into a single, integrated, simple-to-consume solution for our customers at each key stage of their enterprise cloud journey.

Our product portfolio is designed to track our customers' journey to a full enterprise cloud, providing a turnkey solution at each key stage of the customer journey. Nutanix Core, which includes our foundational HCI products, is the first leg of the customer journey and seeks to bring simplicity and operational efficiency by facilitating the customer's initial migration from the traditional siloed infrastructure to a simpler on-premises HCI platform. We expect sales of Nutanix Core solutions to continue to make up a majority of our revenue for the foreseeable future. Nutanix Essentials, which provides capabilities for our customers who want to build on our Core offerings and enhance security, automation, storage management and operational efficiencies, is the next step in the customer journey. Finally, Nutanix Enterprise provides a suite of offerings to accompany our customers as they advance into the hybrid and multi-cloud deployment stage of their enterprise cloud transition journey.

Nutanix Core

Our customers begin their enterprise cloud journey-modernizing their IT infrastructures and migrating from traditional infrastructure to a simpler and integrated on-premises enterprise cloud platform-with Nutanix Core. Nutanix Core is comprised of our HCI products, which form the foundation of our enterprise cloud platform: Acropolis ("AOS"), our software-defined HCI product; Prism, our HCI control plane and management console; and AHV, our hypervisor that provides free virtualization.

Acropolis (AOS). Acropolis is the foundation of our enterprise cloud platform, converging virtualization, enterprise storage services, virtual networking and platform services, including application mobility and security, into a single turnkey solution. It is an open platform designed to address all needs for a wide range of workloads that can be run at nearly any scale and centrally managed. Acropolis is comprised of four foundational components:

- *Virtualization.* Acropolis supports all major hypervisors, including our native, free AHV.
- *Platform Services.* Acropolis delivers software-defined platform services that allow enterprises to consolidate and run all of their workloads on our enterprise cloud platform and manage them centrally.
- *Enterprise Storage Capabilities.* Building on a distributed data fabric, Acropolis enables robust enterprise storage services across multiple storage protocols. Enterprise storage capabilities include performance acceleration capabilities, such as caching, data tiering and data locality and storage optimization, such as deduplication, compression and erasure coding, along with data protection and disaster recovery features.
- *Networking Services.* Acropolis provides a comprehensive set of services to visualize the network, automate common network operations, secure the network through native services, such as micro-segmentation, and integrate with various third-party networking and security products.

Prism. Nutanix Prism is our consumer-grade control plane providing management and analytics across the entire enterprise cloud platform. It delivers integrated virtualization and infrastructure management, robust operational analytics, self-service capabilities and one-click administration. Prism allows routine IT operations that are typically manual and cumbersome to be fully automated or completed with just one click, including capacity planning, provisioning of new applications and resources, troubleshooting and software upgrades. Prism enables efficient management of enterprise-wide deployments by serving as a central administration point to manage multiple clusters and hypervisors within a datacenter or across multiple sites. Prism is also built using a distributed, scale-out architecture and software updates and patches can be executed non-disruptively without requiring the cluster to be brought offline. Further, Prism offers a broad set of Application Programming Interfaces ("APIs") for integration with third-party products.

Acropolis Hypervisor. AHV is a native, enterprise-grade virtualization solution that is included with our enterprise cloud platform with no additional software components to license, install or manage. AHV is built upon a widely-used open source hypervisor technology, known as KVM and extends its base functionality to include additional features such as virtual machine ("VM") high availability and live migration. AHV also includes such features as flexible migrations, automated workload placement, security hardening, network virtualization, data protection and disaster recovery and rich analytics, while allowing for integrated management via Nutanix Prism to streamline the provisioning, placing and managing of VMs, thereby providing our customers with a high-performance virtualization solution while eliminating third-party virtualization costs.

Nutanix Essentials

Nutanix Essentials builds on our Core offerings and enhances security, automation, data management and operational efficiencies. Composed of *Calm*, *Files*, *Flow*, *Prism Pro* and *Mine*, Nutanix Essentials is primarily focused on providing additional capabilities for our customers so that they can consume our Core solutions in a comprehensive and fully integrated private cloud environment.

Calm. Nutanix Calm adds native application orchestration, automation and lifecycle management to our enterprise cloud platform. Calm automates the provisioning, scaling and updating of applications using easy-to-use blueprints that can be published for internal consumption across enterprises.

Files. Nutanix Files is a software-defined file storage consolidation solution for unstructured file data that is easily scalable for a wide range of deployments and applications. Files is natively integrated into our enterprise cloud platform and eliminates the need for a separate network-attached storage appliance by providing unified management for VM and enterprise file services.

Flow. Nutanix Flow, an application-centric network and policy management solution supported by AHV, allows users to deploy microsegmentation to secure individual applications or groups of applications with minimal changes to the existing network, enabling applications and environments to be governed independent of the physical infrastructure. Flow also delivers advanced networking and security services that allow customers to gain greater visibility and granular control over applications.

Prism Pro. Prism Pro is a set of features providing customers with advanced analytics and intelligent insights into their Nutanix environments. These features include performance anomaly detection, capacity planning, custom dashboards, reporting and advanced search capabilities. Powered by X-Fit, a purpose-built machine learning technology, and X-Play, a codeless task-automation engine, Prism Pro analyzes large volumes of system data to generate actionable insights and automate remediation and everyday tasks.

Nutanix Enterprise

Nutanix Enterprise provides a suite of products and services that give our customers additional choice, enabling new capabilities as customers advance from on-premises deployments into the hybrid and multi-cloud deployment stage of their enterprise cloud journey. Nutanix Enterprise is composed of *Objects*, *Karbon*, *Move*, *Era, Volumes and Xi Cloud Services*.

Objects. Nutanix Objects is a scalable, software-defined object storage solution designed to support data archival and cloud native services that is managed as part of our enterprise cloud platform and is accessible via S3-compatible applications.

Karbon. Nutanix Karbon is a turnkey, enterprise-grade Kubernetes service offering that simplifies the provisioning, operations and lifecycle management of Kubernetes.

Move. Nutanix Move simplifies and streamlines the enterprise cloud transition by enabling the mobility of applications across both public and private cloud environments.

Era. Nutanix Era is a database services software suite that automates and simplifies database provisioning and lifecycle management. Era supports complex database environments, automatically maximizing infrastructure efficiency, and enables our customers to provision, clone, refresh and restore their databases to any point in time.

Volumes. Nutanix Volumes provides a scale-out storage solution for non-virtualized workloads, allowing virtualized guest operating systems and physical hosts to directly access Distributed Storage Fabric storage resources.

Xi Cloud Services. Nutanix Xi Cloud Services is our new suite of cloud-based services designed for multi-cloud management, and includes the following offerings:

- *Xi IoT* is a cloud-agnostic edge computing platform that delivers local compute and artificial intelligence for the Internet of things ("IoT") edge devices, converging the edge platform and the customer's choice of cloud infrastructure into a single data processing platform.

- *Xi Leap* is a hybrid cloud disaster recovery service that enables enterprises to protect on-premises workloads and data without the need to set up a secondary datacenter by seamlessly extending their on-premises environment to the Xi Cloud. Xi Leap is natively integrated into our enterprise cloud platform and can be deployed directly from Prism.

- *Xi Frame* is a cloud-native and infrastructure-independent, desktop-as-a-service platform that combines the consumer-grade simplicity and web-scale design of cloud applications with the functionality of traditional virtual desktop applications. It enables the delivery of applications and desktops from public clouds, as well as from private cloud deployments with AOS and AHV.

- *Xi Beam* is a multi-cloud cost and security compliance optimization service that provides organizations with deep visibility into, and analytics on, their cloud consumption patterns, as well as cost optimization recommendations that can reduce a customer's cost of ownership. Xi Beam can also automate compliance with over 250 health checks and security best practices.
- *Xi Clusters*, which is in development as of the date of this Annual Report, will allow deployment of AOS on Amazon Web Services ("AWS") infrastructure, giving customers the option of consuming Nutanix software via AWS.

Delivery of Our Solutions

Our enterprise cloud platform can be deployed on-premises running on a variety of qualified hardware platforms or, in the case of our cloud-based software and software-as-a-service ("SaaS") offerings, via hosted service. Non-portable software licenses for our platform are delivered or sold alongside configured-to-order appliances, with a license term equal to the life of the associated appliance. Our subscription term-based licenses are sold separately, or can also be sold alongside configured-to-order appliances. Our subscription term-based licenses typically have a term of one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years. As we continue our transition toward a subscription-based business model, we expect a greater portion of our products to be delivered through subscription term-based licenses or cloud-based SaaS subscriptions.

Configured-to-order appliances, including our Nutanix-branded NX hardware line, can be purchased from one of our channel partners, original equipment manufacturers ("OEMs"), or directly from Nutanix. Super Micro Computer, Inc. ("Super Micro") and Flextronics Systems Limited ("Flextronics") pre-install our software on our Nutanix-branded NX series appliances. Dell Technologies ("Dell"), Lenovo Group Ltd. ("Lenovo"), International Business Machines Corporation ("IBM"), Fujitsu Technology Solutions GmbH ("Fujitsu"), Hewlett Packard Enterprise ("HPE") and Inspur Group ("Inspur") pre-install our software on their hardware to create the Dell XC Series, Lenovo Converged HX Series, IBM CS Series, Fujitsu XF Series, HPE DX Series and Inspur inMerge 1000 Series appliances, respectively. Some of our OEM partners also sell associated support offerings.

Our enterprise cloud platform is typically purchased with one or more years of support and entitlements, which includes the right to software upgrades and enhancements as well as technical support. Purchases of non-portable software typically come with an accompanying support and entitlement agreement with a term that matches the software license term. Purchases of term-based licenses and SaaS subscriptions have support and entitlements built into the license.

Our Support Programs

Product Support. We offer varying levels of product support to our customers based on their needs. We also offer premium support programs through our technical account managers and designated support engineers.

Professional Services. We provide consulting and implementation services to customers through our professional services team for assessment, design, deployment and optimizing of their Nutanix environments. We typically provide these services at the time of initial installation to help the customer with configuration and implementation.

Our End Customers

Our solutions serve a broad range of workloads, including enterprise applications, databases, virtual desktop infrastructure, unified communications and big data analytics, and we support both virtualized and container-based applications. We have end customers across a broad range of industries, such as automotive, consumer goods, education, energy, financial services, healthcare, manufacturing, media, public sector, retail, technology and telecommunications. We also sell to service providers, who utilize our enterprise cloud platform to provide a variety of cloud-based services to their customers. We had a broad and diverse base of approximately 14,180 end customers as of July 31, 2019, including approximately 810 Global 2000 enterprises. We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments or subsidiaries. The number of end customers grew from approximately 10,610 as of July 31, 2018 to approximately 14,180 as of July 31, 2019.

Our enterprise cloud platform is primarily sold through channel partners, including distributors, resellers and OEMs, and delivered directly to our end customers. Arrow Electronics, Inc., a distributor to our end customers, represented

16%, 18% and 24% of our total revenue for fiscal 2017, 2018 and 2019, respectively. Tech Data Corporation, another distributor to our end customers, represented 14%, 13% and 13% of our total revenue for fiscal 2017, 2018 and 2019, respectively.

Growth Strategy

Key elements of our growth strategy include:

- ***Continually innovate and maintain technology leadership.*** Since inception, we have rapidly innovated from supporting limited applications and a single hypervisor to a full enterprise cloud platform that is designed to support a wide variety of workloads across private, public and multi-cloud deployments. We intend to continue to invest heavily in developing our enterprise cloud platform with new features, services and products to expand our market opportunity.
- ***Invest to acquire new end customers.*** We completed our first end customer sale in October 2011 and have since grown to approximately 14,180 end customers. We intend to grow our base of end customers by continuing to invest in sales and marketing, leveraging our network of channel partners and OEMs, furthering our international expansion and extending our enterprise cloud platform to address new customer segments. One area of continued focus increasing our sales to new, and expanding our sales to existing, large enterprise customers.
- ***Continue to drive follow-on sales to existing end customers.*** Our end customers typically deploy our technology initially for a specific workload. Our sales teams and channel partners then seek to systematically target follow-on sales opportunities to drive additional purchases throughout our broader product portfolio. This land and expand strategy enables us to quickly expand our footprint within our existing end customer base from follow-on orders that in the aggregate are often multiples of the initial order.
- ***Deepen engagement with current channel and OEM partners and establish additional routes to market to enhance sales leverage.*** We have established meaningful channel partnerships globally and have driven strong engagement and commercial success with several major resellers and distributors. We believe that our OEM relationships can augment our routes to market to accelerate our growth and that there is a significant opportunity to grow our sales with our channel partners and OEMs. We intend to attract and engage new channel and OEM partners around the globe while also selling our standalone software for deployment on qualified hardware or a hosted service to maximize the availability of our solutions for our customers.
- ***Invest in rapid growth while remaining focused on our overall financial health.*** We intend to continue investing in our rapid growth, while balancing such growth against our operating expenses. By maintaining this balance, we believe we can drive toward our high growth potential without sacrificing our overall financial health.

Sales and Marketing

Sales. We primarily engage our end customers through our global sales force who directly interact with key IT decision makers while also providing sales development, opportunity qualification and support to our channel partners. We have established relationships with our channel partners, who represent many of the key resellers and distributors of datacenter infrastructure software and systems in each of the geographic regions where we operate. We also engage our end customers through our OEM partners, which license our software and package it with their hardware, and sell through their direct sales forces and channel partners.

Technology Alliances. We have developed relationships with a number of leading technology companies that help us deliver world-class solutions to our customers. Through our Elevate Technology Alliance Partner Program, our developer, application, hardware and infrastructure partners get access to resources that allow them to validate and integrate their products with Nutanix solutions and engage in joint sales training and enablement. In addition, we work closely with our technology partners through co-marketing and lead-generation activities in an effort to broaden our marketing reach and help us win new customers and retain existing ones.

Marketing. Our channel partners have joined our integrated partner program, the Nutanix Partner Network, which provides market development funds, preferred pricing through deal registration, sales enablement and product training, innovative marketing campaigns and dedicated account support. We also coordinate with our OEM partners on joint marketing activities. We supplement our sales efforts with our marketing programs that include print and online advertising, corporate and third-party events, demand generation activities, social media promotions, media and analyst relations and community programs. For example, in May 2019 we hosted our fifth annual .NEXT Conference, where nearly 6,000 attendees came to learn about our current and future products and solutions. We also establish deep integration with our ecosystem of third-party technology partners and engage in joint marketing activities with them.

Research and Development

Our research and development efforts are focused primarily on improving current technology, developing new technologies in current and adjacent markets and supporting existing end customer deployments. Our research and development teams primarily consist of distributed systems software and user interface engineers. A large portion of our research and development team is based in San Jose, California. We also maintain research and development centers in India, North Carolina, Washington, Serbia and Germany. We plan to dedicate significant resources to our continued research and development efforts, and intend to continue to grow our global research and development and engineering teams to enhance our solutions, improve integration with new and existing ecosystem partners and broaden the range of IT infrastructure technologies that we converge into our enterprise cloud platform. We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

Research and development expense was $288.6 million, $313.8 million and $500.7 million for fiscal 2017, 2018 and 2019, respectively.

Manufacturing

We do not manufacture any hardware. The Nutanix-branded NX series appliances, including those that are delivered by us, are manufactured for us based on our specifications by two manufacturers, Super Micro and Flextronics. Super Micro and Flextronics assemble and test the Nutanix-branded NX series appliances and they generally procure the components used in the NX series appliances directly from third-party suppliers. Our agreement with Super Micro automatically renews in May 2020 for successive one-year periods thereafter, with the option to terminate upon each annual renewal. Our agreement with Flextronics expires in November 2020 and automatically renews for successive one-year periods thereafter, with the option to terminate upon each annual renewal. Distributors handle fulfillment and shipment for certain end customers, but do not hold inventory.

Backlog

We typically accept and ship orders within a short time frame. In general, customers may cancel or reschedule orders without penalty prior to delivery, and delivery schedules requested by customers in their purchase orders vary based upon each customer’s particular needs. As a result, we do not believe that our backlog at any particular time is a reliable indicator of future revenue.

Competition

We operate in the intensely competitive enterprise infrastructure market and compete primarily with companies that sell software to build and operate enterprise clouds, integrated systems and standalone storage and servers, as well as providers of public cloud infrastructure solutions. These markets are characterized by constant change and rapid innovation. Our main competitors fall into the following categories:

- software providers, such as VMware, Inc. ("VMware"), that offer a broad range of virtualization, infrastructure and management products to build and operate enterprise and hybrid clouds;
- traditional IT systems vendors, such as Cisco Systems, Inc. ("Cisco"), Dell, HPE, Hitachi Data Systems ("Hitachi"), IBM and Lenovo, that offer integrated systems that include bundles of servers, storage and networking solutions, as well as a broad range of standalone server and storage products;
- traditional storage array vendors, such as Dell, Hitachi and NetApp, Inc. ("NetApp"), which typically sell centralized storage products; and
- providers of public cloud infrastructure and SaaS-based offerings, such as Amazon.com, Inc. ("Amazon"), Google Inc. and Microsoft Corporation.

In addition, we compete against vendors of hyperconverged infrastructure and software-defined storage products, such as Cisco, HPE, Dell, VMware and many smaller emerging companies. As our market grows, we expect it will continue to attract new companies as well as existing larger vendors. Some of our competitors may also expand their product offerings, acquire competing businesses, sell at lower prices, bundle with other products, provide closed technology platforms, partner with other companies to develop joint solutions, or otherwise attempt to gain a competitive advantage. Furthermore, as we expand our product offerings, we may expand into new markets and we may encounter additional competitors in such markets. Additionally, as companies increasingly offer competing solutions, they may be less willing to cooperate with us as an OEM or otherwise. For example, IBM recently acquired Red Hat, Inc. ("Red Hat") and they may begin to prioritize selling Red Hat products instead of our products in its global consulting business. In addition, Dell owns a majority of the outstanding voting power of VMware, and a joint Dell and VMware offering would also compete directly with our core solutions. Dell may also be incentivized to sell its own solutions over our products.

We believe the principal competitive factors in our market include:

- product features and capabilities;
- system scalability, performance and resiliency;
- management and operations, including provisioning, analytics, automation and upgrades;
- total cost of ownership over the lifetime of the technology;
- product interoperability with third-party applications, infrastructure software, infrastructure systems and platforms and public clouds;
- application mobility across disparate silos of enterprise computing, including public and private cloud infrastructure; and
- complete customer experience, including usability, support and professional services.

We believe we are positioned favorably against our competitors based on these factors. However, many of our competitors have substantially greater financial, technical and other resources, greater brand recognition, larger sales forces and marketing budgets, broader distribution and larger and more mature intellectual property portfolios.

Intellectual Property

Our success depends in part upon our ability to protect and use our core technology and intellectual property. We rely on patents, trademarks, copyrights and trade secret laws, confidentiality procedures and employee nondisclosure and invention assignment agreements to protect our intellectual property rights. As of July 31, 2019, we had 102 United States patents that have been issued and 326 non-provisional patent applications pending in the United States. Our issued U.S. patents expire between 2031 and 2037. We also leverage open source software in some of our products.

See Item 1A, "Risk Factors," for further discussion of risks related to protecting our intellectual property.

Facilities

Our corporate headquarters are located in San Jose, California where, under lease agreements that expire through May 2024, we currently lease approximately 400,000 square feet of space. We also maintain offices in North America, Europe, Asia Pacific, the Middle East, Latin America and Africa. We lease all of our facilities and do not own any real property. We expect to add facilities as we grow our employee base and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future and that, should it be needed, suitable additional space will be available to accommodate the expansion of our operations.

Employees

We had approximately 5,340 employees worldwide as of July 31, 2019. None of our employees in the United States are represented by a labor organization or is a party to any collective bargaining arrangement. In certain of the European countries in which we operate, we are subject to, and comply with, local labor law requirements in relation to the establishment of works councils. We are often required to consult and seek the consent or advice of these works councils. We have never had a work stoppage and we consider our relationship with our employees to be good.

Information about Segment and Geographic Areas

The segment and geographic information required herein is contained in Note 12 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Corporate Information

We were incorporated in Delaware in September 2009 as Nutanix, Inc. Our principal executive offices are located at 1740 Technology Drive, Suite 150, San Jose, California 95110, and our telephone number is (408) 216-8360. We have operations throughout North America, Europe, Asia Pacific, the Middle East, Latin America and Africa. Our website address is www.nutanix.com. Information contained on or accessible through our website is neither a part of this Annual Report on Form 10-K nor incorporated by reference herein, and any references to our website and the inclusion of our website address in this Annual Report on Form 10-K are intended to be inactive textual references only.

Available Information

Our website is located at www.nutanix.com and our investors relations website is located at ir.nutanix.com. We file reports with the Securities and Exchange Commission ("SEC"), which maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. This Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge on the investor relations portion of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also provide a link to the section of the SEC's website at www.sec.gov that has, or will have, all of our public filings, including this Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, our Proxy Statements and other ownership-related filings. We use our investor relations website as well as social media as channels of distribution for important company information. For example, webcasts of our earnings calls and certain events we participate in or host with members of the investment community are on our investor relations website. Additionally, we announce investor information, including news and commentary about our business and financial performance, SEC filings, notices of investor events and our press and earnings releases, on our investor relations website. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media and others interested in our company to review the information we post on social media channels listed on our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts and RSS feeds. Further corporate governance information, including our corporate governance guidelines, board committee charters and code of business conduct and ethics, is also available on our investor relations website under the heading "Governance." Information contained on or accessible through our websites are neither a part of nor incorporated by reference into this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC, and any references to our websites and the inclusion of our website addresses in this Annual Report on Form 10-K are intended to be inactive textual references only.

Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. The risks and uncertainties described below are not the only ones we face; additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect our business. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. If any risks and uncertainties, including any of the risks described below, occur, our business, financial condition, operating results and prospects could be materially harmed. In that event, the price of our Class A common stock could decline, potentially significantly, and you could lose all or part of your investment.

Risks Related to Our Business and Industry

We have a history of losses and we may not be able to achieve or maintain profitability in the future.

We have incurred net losses in all periods since our inception and we expect that we will continue to incur net losses for the foreseeable future. We experienced net losses of $379.6 million, $297.2 million and $621.2 million for fiscal 2017, 2018 and 2019, respectively. As of July 31, 2019, we had an accumulated deficit of $1.6 billion. In addition to the investments we expect to continue to make to grow our business, we also incur and expect to continue incurring significant additional legal, accounting and other expenses as a public company. If we fail to increase our revenue and manage our expenses, we may not achieve or sustain profitability in the future.

Our transition to a subscription-based business model has resulted in, and may continue to result in, a compression to our topline results, and if we fail to successfully manage the transition, our business, operating results and free cash flow may be adversely affected.

We are currently transitioning to a subscription-based business model and may undergo additional business model changes in the future in order to adapt to changing market demands. Such business model changes, including the current transition to a subscription-based business model, entail significant known and unknown risks and uncertainties, and we cannot assure you that we will be able to complete the transition to a subscription-based business model, or manage the transition successfully and in a timely manner. If we do not complete the transition, or if we fail to manage the transition successfully and in a timely manner, our revenues, business and operating results may be adversely affected. Moreover, we may not realize all of the anticipated benefits of the subscription transition, even if we successfully complete the transition. The transition to a subscription-based business model also means that our historical results, especially those achieved before we began the transition, may not be indicative of our future results.

Regardless of how we manage the transition, our total billings and revenue have been and will continue to be adversely impacted by the transition, particularly when compared to historical periods, due primarily to two factors. First, and most important, subscription-based sales, including sales of term-based licenses where revenue is currently recognized upfront, may in some instances have a lower total dollar value than sales of licenses for the life of the device because they may be of a shorter term than the actual or assumed life of the device. If we are unable to increase the volume of our subscription-based sales in any given period to make up for the lower total dollar value of certain subscription-based sales, our total billings and revenue for such period will be negatively impacted. Second, and of lesser significance, the revenue associated with certain SaaS subscription purchases, such as Nutanix Xi Cloud Services, will be recognized ratably over the term of the subscription, resulting in less upfront revenue as compared to our term-based licenses and historical life-of-device licenses. These factors may also make it difficult to increase our revenue in a given period through additional sales in the same period.

In addition, due to the generally shorter terms of subscription-based licenses as compared to our historical life-of-device licenses, maintaining our historically high customer renewal rates will become increasingly important. Our subscription customers have no obligation to renew their subscriptions for our solutions after the expiration of the subscription term, and may decide not to renew their subscriptions, or to renew only for a portion of our solutions or on pricing terms that are less favorable to us. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their level of satisfaction with our solutions, their ability to continue their operations and spending levels, the pricing of our solutions and the availability of competing solutions. We anticipate that our subscription-based model will require us to dedicate additional resources toward educating our existing and potential customers as to the benefits of the subscription model and our solutions generally and to re-train our seasoned sales employees, who have historically focused on appliance sales and selling software licenses for the life of the device, on selling subscription-based licenses in order to maintain and increase their productivity. As a result, our sales and marketing costs may increase. In addition, we anticipate needing to adjust our go-to-market cost structure, particularly as it relates to how we compensate our sales teams for renewal transactions, to become more efficient as we transition to the subscription-based business model. Those adjustments may negatively affect the productivity of our sales teams and cause our renewal rates to fluctuate or decline, and there is no assurance that we will be able to successfully implement the adjustments in a timely or cost-effective manner, or that we will be able to realize all or any of the expected benefits from such adjustments. If our customers do not renew their subscriptions for our solutions, demand pricing or other concessions prior to renewal, or if our renewal rates fluctuate or decline, our total billings and revenue will fluctuate or decline, and our business and financial results will be negatively affected.

Additional risks associated with our transition to a subscription-based business model include, but are not limited to:

- if current or prospective end customers prefer our historical life-of-device licenses, adoption of our subscription-based model may not meet our expectations, or may take longer than anticipated to achieve;
- potential confusion of or creation of concerns among current or prospective end customers and channel partners, including concerns regarding changes to our pricing models;
- we may be unsuccessful in implementing or maintaining subscription-based pricing models, or we may select a pricing model that is not optimal and could negatively affect adoption, renewal rates and our business results;
- our end customers may shift purchases to our lower priced subscription offerings, which could negatively affect our overall financial results;
- when purchasing multi-year term-based subscription licenses, our customers may request to pay for only the first year of the applicable term upfront, instead of the full term as we have seen historically, which would negatively impact our operating and free cash flows, potentially significantly;
- our relationships with existing channel partners that are accustomed to selling life-of-device licenses may be damaged, and we may be required to dedicate additional time and resources to educate our channel partners about our transition, each of which may negatively affect our business and financial results;
- if we are unsuccessful in adjusting our go-to-market cost structure, or in doing so in a timely or cost-effective manner, we may incur sales compensation costs at a higher than forecasted rate, particularly if the pace of our subscription transition is faster than anticipated;
- we may face additional and/or different financial reporting obligations, or we may choose to report our financial results using new or different metrics, either of which could increase the costs associated with our financial reporting and investor relations activities; and
- investors, industry and financial analysts may have difficulty understanding the shift in our business model, resulting in changes in financial estimates or failure to meet investor expectations.

Finally, our transition to a subscription-based business model as an IT infrastructure and platform company has few, if any, precedents, and there are many risks or uncertainties that may remain unknown to us until we have gathered more information as part of the transition. If we fail to anticipate these unknowns, whether due to a lack of information, precedent, or otherwise, or if we fail to properly manage expected risks and/or execute on our transition to a subscription-based business model, our business and operating results, and our ability to accurately forecast our future operating results, may be adversely affected.

The markets in which we compete are rapidly evolving, which make it difficult to forecast end customer adoption rates and demand for our solutions.

The markets in which we compete are rapidly evolving. Accordingly, our future financial performance will depend in large part on the allocation of spending in traditional IT markets and on our ability to adapt to new market demands. Currently, sales of our solutions are dependent in large part upon replacement of spending in traditional markets, including x86 servers, storage systems and virtualization software. In addition, as we continue to develop new solutions designed to address new market demands, such as Nutanix Xi Cloud Services, sales of our solutions will in part depend on capturing new spending in these markets, including hybrid cloud services. If these markets experience a shift in customer demand, or if customers in these markets focus their new spending on, or shift their existing spending to, public cloud solutions or other solutions that do not interoperate with our solutions more quickly or more extensively than expected, our solutions may not compete as effectively, if at all. It is also difficult to predict end customer demand or adoption rates for our solutions or the future growth of our market.

If end customers do not adopt our solutions, our ability to grow our business and operating results may be adversely affected.

Traditional IT infrastructure architecture is entrenched in the datacenters of many of our end customers because of their historical financial investment in existing IT infrastructure architecture and the existing knowledge base and skillsets of their IT administrators. As a result, our sales and marketing efforts often involve extensive efforts to educate our end customers as to the benefits and capabilities of our solutions, particularly as we continue to pursue large organizations as end customers. If we fail to achieve market acceptance of our solutions, our ability to grow our business and our operating results will be adversely affected.

A shift in our relationships with our OEMs could adversely affect our results of operations.

Our relationships with our original equipment manufacturers (collectively, "OEMs" and, each, an "OEM") continue to shift as industry dynamics change, and our OEMs may be less willing to partner with us as an OEM or otherwise, or may begin to prioritize their own products over our solutions, as such shifts occur. For example, Dell is not just an OEM, but also a competitor of ours, and accounted for 8% and 6% of our total billings in fiscal 2018 and fiscal 2019, respectively. Dell owns EMC Corporation ("EMC"), as well as a majority of outstanding voting power in VMware and could combine the Dell, EMC and VMware product portfolios into unified offerings optimized for their platforms, which would compete directly with our core solutions. Also, Dell may be more likely to promote and sell its own solutions, including those from EMC's complementary product portfolio, over our products, or cease selling or promoting our products entirely. If Dell decides to sell its own solutions over our products, that could adversely impact our OEM sales and harm our business, operating results and prospects, and our stock price could decline, potentially significantly. Further, since OEM sales, including sales made by Dell, are generally recognized upon delivery under Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASC 606"), which we adopted as of August 1, 2017, any reduction in OEM sales by any of our OEMs will have an increased impact on our reported revenue and gross margins in future periods, potentially making it more difficult for us to forecast revenue and gross margins in future quarters. Under ASC 606, revenue from Dell accounted for approximately 9% and 7% of our total revenue in fiscal 2018 and fiscal 2019, respectively.

Our financial performance, including revenue growth, in recent periods may not be indicative of our future performance.

We have experienced revenue growth in recent periods, with total revenue of $845.9 million, $1.2 billion and $1.2 billion for fiscal 2017, 2018 and 2019, respectively. While we have historically experienced significant revenue growth, our total revenue growth slowed in fiscal 2019, due in large part to our transitions from hardware to software-only sales, and from life-of-device to a subscription license model. As a result, you should not consider such revenue growth as indicative of our future performance and we may not achieve similar or any revenue growth in future periods. For example, in February 2019 we announced initiatives to increase pipeline growth through additional investments in sales and marketing activities, including increased demand generation spending, and the hiring of additional sales people. While we saw improvements in these areas in fiscal 2019, those improvements may not continue, and the returns on these initiatives may not be as high or may take longer to realize than expected, and may impact our revenue growth and profitability in the near future.

In addition, as a result of our transition toward a subscription-based model, our revenue may continue to be impacted in the short term. The revenue associated with certain subscription purchases, such as with Nutanix Xi Cloud Services, will be recognized ratably over the term of the subscription, resulting in less upfront revenue as compared to our historical life-of-device and term-based software-only transactions. Also, the revenue we recognize from subscription sales, even if recognized upfront, may in some instances have a lower total dollar value than those associated with licenses for the life of the device because they may be of a shorter term than the life of the device. This may also make it difficult to rapidly increase our revenue in any period through additional sales.

Following our transition to software-only sales and due to the ongoing transition toward a subscription-based model, our success will also depend heavily on the ability of our sales team to adjust their strategy to focus on software-only and subscription-based sales effectively and in a timely manner. Furthermore, our customers may not understand these changes to our product sales, and investors, industry and financial analysts may have difficulty understanding the changes to our business model, resulting in changes in financial estimates or failure to meet investor expectations. As our business changes, the transitions may make it more difficult to accurately project our operating results or plan for future growth. Accordingly, you should not rely on our revenue growth for any prior periods as an indication of our future revenue or revenue growth.

We have experienced rapid growth in recent periods and we may not be able to sustain or manage any future growth effectively.

We have expanded our overall business and operations significantly in recent periods. Our employee headcount increased significantly since our inception, and we may have significant headcount increases in the future. We anticipate that our operating expenses will increase in the foreseeable future as we scale our business, including in developing and improving our new and existing solutions, expanding our sales and marketing capabilities and global coverage, and in providing general and administrative resources to support our growth. As we continue to rapidly grow our business, we must effectively integrate, develop and motivate a large number of new employees, as well as existing employees who are promoted or moved into new roles, while maintaining the effectiveness of our business execution. The failure to manage these changes could significantly delay the achievement of our strategic objectives. In particular, our success depends heavily on our ability to ramp new sales teams in a fast and effective manner. We must also continue to improve and expand our IT and financial infrastructure, management systems and product management and sales processes. We expect that our future growth will continue to place a significant strain on our management, operational and financial resources. We may incur costs associated with future growth prior to or without realizing the anticipated benefits, and the return on these investments may be lower, if any, or may develop more slowly than we expect. For example, in February 2019 we announced initiatives to increase pipeline growth through additional investments in sales and marketing activities, including increased demand generation spending, and the hiring of additional sales people. While we saw improvements in these areas in fiscal 2019, those improvements may not continue, and the returns on these initiatives may not be as high or may take longer to realize than expected, and may impact our revenue growth and profitability in the near future.

If we are unable to sustain or manage our growth effectively, we may not be able to take advantage of market opportunities. We also may fail to satisfy end customers' requirements, maintain product quality, execute on our business plan or respond to competitive pressures, any of which could adversely affect our business, operating results, financial condition and prospects.

We believe our long-term value as a company will be greater if we focus on growth, which may negatively impact our profitability in the near term.

Part of our business strategy is to primarily focus on our long-term growth. As a result, our profitability may be lower in the near term than it would be if our strategy was to maximize short-term profitability. Expenditures related to expanding our research and development efforts, sales and market efforts, our transition to a subscription-based business model, infrastructure and other such investments may not ultimately grow our business or cause long-term profitability. If we are ultimately unable to achieve profitability at the level anticipated by analysts and our stockholders, our stock price may decline, potentially significantly.

The enterprise IT market is rapidly changing and expanding, and we expect competition to continue to intensify in the future from both established competitors and new market entrants.

We operate in the intensely competitive enterprise infrastructure market and compete primarily with companies that sell software to build and operate enterprise clouds, integrated systems and standalone storage and servers, as well as providers of public cloud infrastructure solutions. These markets are characterized by constant change and rapid innovation. Our main competitors fall into the following categories:

- software providers, such as VMware, that offer a broad range of virtualization, infrastructure and management products to build and operate enterprise and hybrid clouds;
- traditional IT systems vendors, such as Cisco, Dell, HPE, Hitachi, IBM and Lenovo, that offer integrated systems that include bundles of servers, storage and networking solutions, as well as a broad range of standalone server and storage products;
- traditional storage array vendors, such as Dell, Hitachi and NetApp, which typically sell centralized storage products; and
- providers of public cloud infrastructure and SaaS-based offerings, such as Amazon, Google Inc. and Microsoft Corporation.

In addition, we compete against vendors of hyperconverged infrastructure and software-defined storage products, such as Cisco, HPE, Dell, VMware and many smaller emerging companies. As our market grows, we expect it will continue to attract new companies as well as existing larger vendors. Some of our competitors may also expand their product offerings, acquire competing businesses, sell at lower prices, bundle with other products, provide closed technology platforms, partner with other companies to develop joint solutions, or otherwise attempt to gain a competitive advantage. Furthermore, as we expand our product offerings, we may expand into new markets and we may encounter additional competitors in such markets. Additionally, as companies increasingly offer competing solutions, they may be less willing to cooperate with us as an OEM or otherwise. For example, IBM recently acquired Red Hat and they may begin to prioritize selling Red Hat products instead of our products in its global consulting business. In addition, Dell owns a majority of the outstanding voting power of VMware, and a joint Dell and VMware offering would also compete directly with our core solutions. Dell may also be incentivized to sell its own solutions over our products.

Many of our existing competitors have, and some of our potential competitors may have, competitive advantages over us, such as longer operating histories, significantly greater financial, technical, marketing or other resources, stronger brand awareness and name recognition, larger intellectual property portfolios and broader global presence and distribution networks. Moreover, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition. Furthermore, some of our competitors have access to larger customer bases and supply a wide variety of products to, and have well-established relationships with, our current and prospective end customers. Some of these competitors have in the past and may in the future take advantage of their existing relationships with end customers, distributors or resellers to provide incentives to such current or prospective end customers that make their products more economically attractive or to interfere with our ability to offer our solutions to our end customers. Our competitors may also be able to offer products or functionality similar to ours at a more attractive price, such as by integrating or bundling their solutions with their other product offerings or those of technology partners or establishing cooperative relationships with other competitors, technology partners or other third parties. Potential end customers may prefer to purchase from their existing suppliers rather than a new supplier, especially given the significant investments that they have historically made in their legacy infrastructures. Some of our competitors may also have stronger or broader relationships with technology partners than we do, which could make their products more attractive than ours. As a result, we cannot assure you that our solutions will compete favorably, and any failure to do so could adversely affect our business, operating results and prospects.

Our relatively limited operating history makes it difficult to evaluate our current business and prospects, and may increase the risk of your investment.

We began selling our products in October 2011. We have relatively limited historical financial data, and we operate in a rapidly evolving market. Our relatively limited operating history makes it difficult to evaluate our current business and our future prospects, including our ability to plan for and model future growth. Furthermore, we have transitioned our business to focus on more software-only transactions, and are in the process of shifting to a subscription-based business model in the longer-term, which may make it more difficult to project our business growth and margins. In addition, the rapidly evolving nature of the enterprise IT infrastructure market, as well as other factors beyond our control, reduces our ability to accurately forecast quarterly or annual performance. Our solutions may never reach widespread adoption, and changes or advances in technologies could adversely affect the demand for our solutions. A reduction in demand for hybrid cloud technology caused by lack of customer acceptance, technological challenges, competing technologies and solutions or otherwise would result in lower revenue growth rates than anticipated or decreased revenue, either of which could negatively impact our business, operating results and prospects. Any predictions about future revenue and expenses may not be as accurate as they would be if we had a longer operating history. We have encountered and will continue to encounter risks and difficulties associated with rapid growth and expansion and a relatively limited operating history. If we do not address these risks successfully, our business and operating results would be adversely affected, and our stock price could decline.

Developments or improvements in enterprise IT infrastructure technologies may materially and adversely affect the demand for our solutions.

Significant developments in enterprise IT infrastructure technologies, such as advances in storage, virtualization, containers, networking, disaster recovery, edge computing, management software and public cloud and hybrid cloud infrastructure solutions, may materially and adversely affect our business, operating results and prospects in ways we do not currently anticipate. For example, improvements in hybrid cloud technologies, such as improvements in orchestration and automation tools or new or improved interoperability between historically on-premises enterprise cloud technologies with public cloud platforms, could emerge as a preferred alternative to our solutions, especially if they are introduced to the market before ours are. Any failure by us to develop new or enhanced technologies or processes, to react to changes or advances in existing technologies or to correctly anticipate these changes or advances as we create and invest in our product roadmap, could materially delay our development and introduction of new solutions, which could result in the loss of competitiveness of our solutions, decreased revenue and a loss of market share to competitors. In addition, public cloud infrastructure offers alternatives to the on-premises infrastructure deployments that our platform currently primarily supports. Various factors could cause the rate of adoption of public cloud infrastructure to increase, including continued or accelerated decreases in the price of public cloud offerings, increased interoperability with on-premises infrastructure solutions that compete with our solutions, and improvements in the ability of public cloud providers to deliver reliable performance, enhanced security, better application compatibility and more precise infrastructure control. Any of these factors could make our platform less competitive as compared to the public cloud, and could materially and adversely affect the demand for our solutions.

If other IT vendors do not cooperate with us to ensure that our solutions interoperate with their products, including by providing us with early access to their new products or information about their new products, our product development efforts may be delayed or impaired, which could adversely affect our business, operating results and prospects.

Our solutions provide a platform on which software applications and hypervisors from different software providers run. As a result, our solutions must interoperate with our end customers' existing hardware and software infrastructure, specifically their networks, servers, software and operating systems, as well as the applications that they run on this infrastructure, which may be manufactured and provided by a wide variety of vendors and OEMs. In addition to ensuring that our solutions interoperate with these hardware and software products initially, we must occasionally update our software to ensure that our solutions continue to interoperate with new or updated versions of these hardware and software products. Current or future providers of hardware, software applications, hypervisors or data management tools could make changes that would diminish the ability of our solutions to interoperate with them, and significant additional time and effort may be necessary to ensure the continued compatibility of our solutions, which might not be possible at all. Even if our solutions are compatible with those of other providers, if they do not certify or support our solutions for their systems or cooperate with us to coordinate troubleshooting and hand off of support cases, end customers may be reluctant to buy our solutions, which could decrease demand for our solutions and harm our ability to achieve a return on the investments and resources that we have dedicated to ensuring compatibility. Developing solutions that interoperate properly requires substantial partnering, capital investment and employee resources, as well as the cooperation of the vendors or developers of the software applications and hypervisors both with respect to product development and product support. Vendors may not provide us with early or any access to their technology and products, assist us in these development efforts, certify our solutions, share with or sell to us any APIs, formats, or protocols we may need, or cooperate with us to support end customers. If they do not provide us with the necessary access, assistance or proprietary technology on a timely basis or at all, we may experience product development delays or be unable to ensure the compatibility of our solutions with such new technology or products. To the extent that vendors develop products that compete with ours, they have in the past, and may again in the future, withhold their cooperation, decline to share access, certify our solutions or sell or make available to us their proprietary APIs, protocols or formats or engage in practices to actively limit the functionality, or compatibility, and certification of our products. If any of the foregoing occurs, our product development efforts may be delayed or impaired, our solutions could become less attractive to end customers resulting in a decline in sales, and our business, operating results and prospects may be adversely affected.

If we fail to successfully execute on our planned transition to selling more cloud services, which would be sold on a ratable subscription-basis, our results of operations could be adversely affected.

We are transitioning, and anticipate continuing to transition, portions of our business from on-premises products generating revenue through software licenses based on a set term or the life of the device, to selling our products and services as cloud-based offerings on a ratable subscription basis. This shift requires a considerable investment of technical, financial, legal and sales resources and will continue to divert resources and increase costs, especially in cost of license and other revenues, in any given period. We also intend to make investments in the supporting infrastructure for such cloud-based offerings and may not recoup the costs of such investments. Such investments of resources may also not improve our long-term growth and results of operations. Further, the increase in some costs associated with our cloud services may be difficult to predict over time, especially in light of our lack of historical experience with the costs of delivering cloud-based versions of our solutions.

We believe this transition has certain advantages, however, it also presents a number of risks to us including the following:

- arrangements entered into on a ratable subscription basis may delay when we can recognize revenue, even when compared to similar term-based subscription sales, which we currently recognize upfront, and can require up-front costs, which may be significant;

- since revenue is recognized ratably over the term of the customer agreement, any decrease in customer purchases of our ratable subscription-based products and services will not be fully reflected in our operating results until future periods. This will also make it difficult for us to increase our revenue through additional ratable subscription sales in any one period;

- cloud-based ratable subscription arrangements are generally under short-term agreements. Accordingly, our customers generally have no long-term obligation to us and may cancel their subscription at any time, even if our customers are satisfied with our subscription products; and

- there is no assurance that the cloud-based solutions we offer on a ratable subscription basis, including new products that we may introduce, will receive broad marketplace acceptance.

If we fail to properly execute on our transition to selling portions of our products and services as cloud-based offerings on a ratable subscription basis, our business and operating results would be adversely affected, and our stock price could decline.

If we fail to develop or introduce new or enhanced solutions on a timely or cost-effective basis, our ability to attract and retain end customers could be impaired and our brand, reputation and competitive position could be harmed.

We operate in a dynamic environment characterized by rapidly changing technologies and industry standards and technological obsolescence. We will need to continue to create valuable software solutions and integrate these solutions across hardware platforms. To compete successfully, we must design, develop, market and sell new or enhanced solutions that provide increasingly higher levels of performance, capacity, scalability, security, interoperability, application mobility and reliability and meet the cost expectations of our end customers. The introduction of new products by our competitors, the market acceptance of products based on new or alternative technologies, or the emergence of new industry standards could render our existing or future solutions obsolete or less attractive to end customers. Any failure to anticipate or develop new or enhanced solutions or technologies in a timely or cost-effective manner in response to technological shifts, could result in decreased revenue and harm to our business and prospects. Any new feature or application that we develop or acquire may not be introduced in a timely or cost-effective manner and may not achieve broad market acceptance and investments in research and development or efforts to optimize our engineering cost structure may not be successful. In particular, if we fail to timely release new products, technology or services that we previously announced, our brand and reputation could be harmed. If we fail to introduce new or enhanced solutions that meet the needs of our end customers or penetrate new markets in a timely fashion, we will lose market share and our business, operating results and prospects will be adversely affected.

If we are not successful in executing our strategy to increase sales of our solutions to new and existing large organizations, service providers and government entities, our operating results may suffer.

Our growth strategy is dependent in large part upon increasing sales of our solutions to new and existing large enterprises, service providers and government entities, particularly when such sales result in large orders for our solutions. Sales to these end customers involve risks that may not be present, or that are present to a lesser extent, with sales to smaller end customers, which can act as a disincentive to our sales team to pursue these larger end customers. These risks include:

- competition from companies that traditionally target larger enterprises, service providers and government entities and that may have pre-existing relationships or purchase commitments from such end customers;
- increased purchasing power and leverage held by large end customers in negotiating contractual arrangements with us;
- more stringent requirements in our support service contracts, including demand for quicker support response times and penalties for any failure to meet support requirements; and
- longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end customer that elects not to purchase our solutions.

Large organizations often undertake a significant evaluation process that results in a lengthy sales cycle. Although we have a channel sales model, our sales representatives typically engage in direct interaction with our prospective end customers as well as our distributors and resellers. We typically provide evaluation products to these end customers and may spend substantial time, effort and money in our sales efforts to these prospective end customers. In addition, product purchases by large organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. Finally, large organizations typically have longer implementation cycles, require greater product functionality and scalability, require a broader range of services, demand that vendors take on a larger share of risks, require acceptance provisions that can lead to a delay in revenue recognition and expect greater payment flexibility. If we fail to realize an expected sale from a large end customer in a particular quarter or at all, our business and operating results could be adversely affected. All of these factors can add further risk to business conducted with these end customers.

Our growth depends on our existing end customers making additional purchases of software licenses and software upgrades and renewing and upgrading their subscriptions and support and entitlement agreements, and the failure of our end customers to do so could harm our business and operating results.

Our future success depends in part on purchases by our existing end customers of additional software licenses and appliances as well as renewals and upgrades to their subscription and support and entitlement agreements. If our end customers do not purchase additional software licenses or appliances or software upgrades, or renew or upgrade their subscription and support and entitlement agreements, our revenue may decline and our operating results may be harmed. In order for us to maintain or improve our operating results, we depend on our existing end customers renewing their subscription agreements as well as their support and entitlement agreements, or purchasing additional solutions. End customers may choose not to renew their subscription agreements or support and entitlement agreements, or purchase additional solutions, because of several factors, including dissatisfaction with our prices or features relative to competitive offerings, reductions in our end customers' spending levels or other causes outside of our control. If our existing end customers do not purchase new solutions, or renew or upgrade their subscription agreements or support and entitlement agreements, our revenue may grow more slowly than expected or may decline, and our business and operating results may be adversely affected.

We rely on our key personnel, and our Chief Executive Officer in particular, to grow our business, and the loss of one or more such key employees or the inability to attract and retain qualified personnel could harm our business.

Our success and future growth depends to a significant degree on the skills and continued services of our executive officers and key personnel. In particular, we are highly dependent on the services of Dheeraj Pandey, our Chief Executive Officer and Chairman, who is critical to the development of our technology, future vision and strategic direction. We do not have life insurance policies that cover any of our executive officers or other key employees. The loss of the services of Mr. Pandey or any of our key employees or executive officers could disrupt our business and negatively impact our operating results, prospects and future growth. Our future success also depends on our ability to continue to attract, integrate and retain highly skilled personnel, especially skilled sales and engineering employees. Competition for highly skilled personnel is frequently intense, especially in the San Francisco Bay Area, where we are headquartered. Volatility or lack of performance in our stock price may also affect our ability to attract and retain our key employees. We cannot assure you that we will be able to successfully attract or retain qualified personnel. Our inability to attract and retain the necessary personnel could adversely affect our business, operating results and financial condition.

If we do not effectively expand, train and retain our sales force, we may be unable to add new end customers or increase sales to our existing end customers and our business will be adversely affected.

Although we have a channel sales model, our sales representatives typically engage in direct interaction with our prospective end customers. Therefore, we continue to be substantially dependent on our sales force to obtain new end customers and sell additional solutions to our existing end customers. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and may take significant time before they achieve full productivity; we estimate based on past experience that our average sales team members typically do not fully ramp and are not fully productive until around the time of the start of their fourth quarter of employment with us. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals, particularly individuals who are focused on sales of our solutions to new and existing large enterprises, service providers and government entities, in the markets where we do business or plan to do business. Hiring sales personnel in new countries also requires additional set up, upfront and ongoing costs that we may not recover if the sales personnel fail to achieve full productivity. In addition, as a result of our rapid growth, a large percentage of our sales force is new to our company and our solutions and therefore less effective than our more seasoned employees. Moreover, as we complete our transition to focus on software-only transactions and continue our transition to a subscription-based business model, we are also re-training our seasoned sales employees, who have historically focused on appliance sales and selling software licenses for the life of the device, in order to maintain or increase their productivity.

If our new sales employees, particularly those focused on sales of our solutions to new and existing large enterprises, service providers and government entities, do not become fully productive on the timelines that we have projected, or if we are not successful in training our more seasoned sales employees as we focus on software-only and subscription-based sales, our revenue will not increase at anticipated levels and our ability to achieve long term projections may be negatively impacted. If we are unable to hire, train and maintain sufficient numbers of effective sales personnel, or our new or existing sales personnel are not successful in obtaining new end customers, convincing existing customers to renew their subscription-based purchases, or increasing sales to our existing customer base generally, our business, operating results and prospects will be adversely affected.

If we do not effectively compose and structure our sales force to focus on the end customers and activities that will primarily drive our growth strategy, our business will be adversely affected.

As indicated above, our growth is dependent in large part on increasing our sales to large enterprises, particularly when those sales result in large orders for our solutions. In fiscal 2017, we started to segment our sales force to focus on these major accounts and large deals, and have continued to further refine this segmentation as our business changes. This process has involved hiring new, and promoting existing members of our sales team into, roles that focus on large sales to major enterprise accounts. Competition for sales employees who have the knowledge and experience necessary to effectively penetrate major enterprise accounts is fierce, and we may not be successful in hiring such employees, or hiring them on the timelines we anticipate, which will negatively impact our ability to target and penetrate major enterprise accounts. In addition, we anticipate that the sales cycles associated with major accounts will be longer than our traditional sales cycles, which will increase the time it will take our new global account managers to become fully productive. The new sales processes and leadership structures for these global sales teams may also take longer than anticipated to successfully implement, further impacting productivity. In addition, as our organization continues to focus on major accounts and large deals, the productivity of our traditional sales teams may be impacted. In response to that potential impact, in fiscal 2019 we started to further segment our sales force to separate commercial sales teams, particularly in the United States, from our enterprise sales teams, with the goal of building a focused U.S. commercial sales team to serve as a counterbalance to our enterprise sales teams. This process, which we anticipate will continue for the foreseeable future, will involve hiring new, and training existing, sales teams to focus exclusively on commercial transactions, which are typically smaller and more frequent than enterprise transactions. Additionally, we have transitioned our business to focus primarily on software-only transactions, and are in the process of transitioning to a subscription-based business model. These segmentation projects and business model transitions may lead to fluctuations in sales productivity that will make it more difficult to accurately project our operating results or plan for future growth. If we are unable to effectively manage these changes or implement new sales structures in a timely manner, or if our decision to segment our sales force is not successful in obtaining large sales of our solutions, our growth and ability to achieve long-term projections may be negatively impacted, and our business and operating results will be adversely affected.

We rely primarily on indirect sales channels for the distribution of our solutions, and disruption within these channels could adversely affect our business, operating results and cash flows.

We primarily sell our solutions through indirect sales channels, including channel partners, such as distributors, our OEMs, value added resellers and system integrators. Our OEMs in turn distribute our solutions through their own networks of channel partners with whom we have no direct relationships.

We rely, to a significant degree, on our channel partners to select, screen and maintain relationships with their distribution networks and to distribute our solutions in a manner that is consistent with applicable law, regulatory requirements and our quality standards. If our channel partners or a partner in their distribution network violates applicable law or regulatory requirements or misrepresents the functionality of our solutions, our reputation and brand could be damaged and we could be subject to potential liability. Additionally, if we are unable to establish relationships with strong channel partners in key growth regions, our ability to sell our solutions in these regions may be adversely affected. Our agreements with our channel partners are non-exclusive, meaning our channel partners may offer end customers the products of several different companies, including products that compete with ours. If our channel partners do not effectively market and sell our solutions, choose to use greater efforts to market and sell their own products or those of our competitors, or fail to meet the needs of our end customers, our business, operating results and prospects may be adversely affected. Our channel partners may cease marketing our solutions with limited or no notice and with little or no penalty. The loss of a substantial number of our channel partners, together with our inability to replace them, or the failure to recruit additional channel partners or establish an alternative distribution network could materially and adversely affect our business and operating results. For example, sales through Arrow Electronics, Inc. and Tech Data Corporation to our end customers represented 24% and 13%, respectively, of our total revenue for fiscal 2019. In addition, if a channel partner offers its own products or services that are competitive to our solutions, is acquired by a competitor or reorganizes or divests its reseller business units, our revenue derived from that partner may be adversely impacted or eliminated altogether.

Recruiting and retaining qualified channel partners and training them in the use of our technologies requires significant time and resources. If we fail to devote sufficient resources to support and expand our network of channel partners, our business may be adversely affected. Maintaining strong indirect sales channels for our products and effectively leveraging our channel partners and OEMs is important to our growth strategy, and the failure to effectively manage these relationships may lead to higher costs and reduced revenue. Also, in certain international markets, we are in the process of transitioning our distribution model from contracting directly with hundreds of individual resellers to contracting with a smaller number of larger global distributors. Although we believe that this transition will make our sales channels more efficient and broader reaching in the long term in these markets, there is no guarantee that this new distribution model will increase our sales in the short term or allow us to sustain our gross margins. Any potential delays or confusion during the transition process to our new partners may negatively affect our relationship with our existing end customers and channel partners and may cause us to lose prospective end customers or additional business from existing end customers or cause a decline in renewal rates with existing end customers. Upon completion of the transition to the new sales model, we will be more reliant on fewer channel partners, which may reduce our contact with our end customers making it more difficult for us to establish brand awareness, ensure proper delivery and installation of our software, support ongoing end customer requirements, estimate end customer demand, respond to evolving end customer needs and obtain subscription renewals from end customers.

All of our sales to government entities have been made indirectly through our channel partners. Government entities may have statutory, contractual or other legal rights to terminate contracts with our channel partners for convenience or due to a default, and, in the future, if the portion of government contracts that are subject to renegotiation or termination at the election of the government are material, any such termination or renegotiation may adversely impact our future operating results. Additionally, we sometimes rely on our channel partners to satisfy certain regulatory obligations that we would otherwise have to satisfy if we sold directly to the government entities, and our channel partners may be unable or unwilling to satisfy these obligations in the future. In the event of such termination or change, it may be difficult for us to arrange for another channel partner to sell our solutions to these government entities in a timely manner, and we could lose sales opportunities during the transition. Governments routinely investigate and audit government contractors' (including subcontractors') administrative processes, and any unfavorable audit could result in the government refusing to continue buying our solutions, our channel partners changing their business models or refusing to continue to sell our solutions under current models, a reduction of revenue or fines, or civil or criminal liability if the audit uncovers improper or illegal activities.

If our indirect distribution channel is disrupted, particularly if we are reliant on a fewer number of channel partners, or if we are required to directly satisfy certain regulatory obligations imposed by government entities as a result of our efforts to expand our sales to government entities, we may be required to devote more time and resources to distribute our solutions directly and support our end customers, which may not be as effective and could lead to higher costs, reduced revenue and growth that is slower than expected.

Our operating results may fluctuate significantly, which could make our future results difficult to predict and could cause our operating results to fall below expectations.

Our operating results may fluctuate due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. If our revenue or operating results in any particular period fall below investor expectations, the price of our Class A common stock would likely decline. Factors that are difficult to predict and that could cause our operating results to fluctuate include, but are not limited to:

- the timing and magnitude of orders, shipments and acceptance of our solutions in any quarter;
- our ability to attract new and retain existing end customers;
- disruptions in our sales channels or shifts in our relationships with important channel partners and OEMs;
- the timing of revenue recognition for our sales, the impact of which is heightened by our focus on

software-only sales and ongoing transition to a subscription-based model;

- reductions in end customers' budgets for information technology purchases;
- delays in end customers' purchasing cycles or deferments of end customers' purchases in anticipation of new products or updates from us or our competitors;
- fluctuations in demand and competitive pricing pressures for our solutions;
- the mix of solutions sold, including the mix between appliance and software-only sales and the mix between subscription-based and non-subscription-based transactions, and the mix of revenue between products and support, entitlements and other services, which will depend in part on whether we are successful in executing our strategy to transition our business to a subscription-based model;
- our ability to develop, introduce and ship in a timely manner new solutions and product enhancements that meet customer requirements, and market acceptance of such new solutions and product enhancements;
- the timing of product releases or upgrades or announcements by us or our competitors;
- any change in the competitive dynamics of our markets, including consolidation or partnerships among our competitors or partners, new entrants or discounting of prices;
- the amount and timing of expenses to grow our business and the extent to which we are able to take advantage of economies of scale or to leverage our relationships with OEM or channel partners;
- the costs associated with acquiring new businesses and technologies and the follow-on costs of integrating and consolidating the results of acquired businesses;
- the amount and timing of stock-based compensation expenses;
- our ability to control the costs of our solutions and their key components, or to pass along any cost increases to our end customers;
- general economic, industry and market conditions; and
- future accounting pronouncements and changes in accounting policies.

The occurrence of any one of these risks could negatively affect our operating results in any particular quarter, which could cause the price of our Class A common stock to decline.

Our gross margins are impacted by a variety of factors and may be subject to variation from period to period.

Our gross margins may be affected by a variety of factors, including shifts in the mix of whether our solutions are sold as an appliance or as software-only, fluctuations in the pricing of our products, including as a result of competitive pricing pressures or increases in component pricing, and the degree to which we are successful in selling the value of incremental feature improvements and upgrades, changes in the cost of components of our hardware appliances, changes in the mix between direct versus indirect sales, changes in the mix of products sold and the timing and amount of recognized and deferred revenue, particularly as a result of our continued transition to a subscription-based business model. If we are unable to manage these factors effectively, our gross margins may decline, and fluctuations in gross margin may make it difficult to manage our business and to achieve or maintain profitability, which could adversely affect our business and operating results.

Our sales cycles can be long and unpredictable and our sales efforts require considerable time and expense. As a result, it can be difficult for us to predict when, if ever, a particular customer will choose to purchase our solutions, which may cause our operating results to fluctuate significantly.

Our sales efforts involve educating our end customers about the uses and benefits of our solutions, including their technical capabilities and cost saving potential. End customers often undertake an evaluation and testing process that can result in a lengthy sales cycle. Increasing competition and the emergence of new hyperconverged infrastructure product offerings and consumption models often result in customers evaluating multiple vendors at the same time, which can further lengthen the sales cycle. We spend substantial time and resources on our sales efforts without any assurance that our efforts will produce any sales. Platform purchases are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. The broad nature of the technology shift that our solutions represent and the legacy relationships our end customers have with existing IT vendors sometimes lead to unpredictable sales cycles, which make it difficult for us to predict when end customers may purchase solutions from us. The unpredictable nature of our sales cycles may be increased in future periods as we continue to focus our sales efforts more heavily on major accounts and large deals, and as we educate our customers about our ongoing transition to a subscription-based business model. Our business and operating results will be significantly affected by the degree to which and speed with which organizations adopt our solutions.

Because we depend on manufacturers of hardware to timely and cost-effectively produce and ship the hardware on which our software runs, we are susceptible to delays and pricing fluctuations, which would cause our business to be adversely affected.

We rely on manufacturers to produce the hardware appliances, both our Nutanix-branded NX series appliances and the various third-party appliances that are included on our hardware compatibility list, on which our software runs, which exposes us to direct and indirect risks, including reduced control over quality assurance, product costs, product supply and timing and potential reputational harm and brand damage. Furthermore, our orders for NX series appliances represent a relatively small percentage of the overall orders received by such hardware manufacturers from their customers. Therefore, fulfilling our orders may not be a priority in guiding their business decisions and operational commitments. If we fail to manage our relationships with these manufacturers effectively, or if any of them experience delays or increased manufacturing lead times, component lead-time disruptions, capacity constraints or quality control problems in their operations or are unable to meet our or our end customers' requirements for timely delivery, our ability to sell our solutions to our end customers could be severely impaired due to the lack of availability of certified hardware appliances, and our customers' ability to consume out software will be delayed, which will adversely affect our business and operating results, competitive position, brand and reputation.

In particular, we rely substantially on Super Micro and Flextronics to assemble and test the Nutanix-branded NX series appliances, including those that are delivered by us. Our agreement with Super Micro automatically renews in May 2020 for successive one-year periods thereafter, with the option to terminate upon each annual renewal, and does not contain any minimum long-term commitment to manufacture NX-branded appliances. Our agreement with Flextronics expires in November 2020 and automatically renews for successive one-year periods thereafter, with the option to terminate upon each annual renewal. The agreement does not contain any minimum long-term commitment to manufacture NX-branded appliances and any orders are fulfilled only after a purchase order has been delivered and accepted. If we are required to change the manufacturer of our NX-branded appliances, we may lose revenue, incur increased costs and damage our channel partner and end customer relationships. We may also decide to switch or bring on additional contract manufacturers in order to better meet our needs. Switching to or bringing on a new contract manufacturer and commencing production is expensive and time-consuming and may cause delays in order fulfillment at our existing contract manufacturers or cause other disruptions.

Our agreements with Super Micro and Flextronics do not contain any price assurances, and any increases in component costs, without a corresponding increase in the price of our NX series solutions, could harm our gross margins. Furthermore, we may need to increase our component purchases, manufacturing capacity and internal test and quality functions if we experience increased demand. The inability of Super Micro, Flextronics or other manufacturers to produce adequate supplies of hardware appliances could cause a delay in customers' ability to consume our software and our order fulfillment, and our business, operating results and prospects would be adversely affected. As of July 31, 2019, we had approximately $72.1 million in the form of guarantees to our contract manufacturers related to certain components.

There are a limited number of suppliers, and in some cases single-source suppliers, for several key components in the NX-branded appliances, and any disruption in the availability or quality of these components could delay shipments of the NX-branded appliances and damage our channel partner or end customer relationships.

We rely on a limited number of suppliers, and in some cases single-source suppliers, for several key hardware components of the Nutanix-branded NX series appliances. These components are generally purchased on a purchase order basis through Super Micro or Flextronics and we do not have long-term supply contracts with our suppliers. Our reliance on key suppliers exposes us to risks, including reduced control over product quality, production and component costs, timely delivery and capacity. It also exposes us to the potential inability to obtain an adequate supply of required components because we do not have long-term supply commitments, and replacing some of these components would require a lengthy product qualification process. Furthermore, we extensively test and qualify the components that are used in NX-branded appliances to ensure that they meet certain quality and performance specifications. If our supply of certain components is disrupted or delayed, or if we need to replace existing suppliers, there can be no assurance that additional supplies or components can serve as adequate replacements for the existing components, will be available when required or that supplies will be available on terms that are favorable to us, and we may be required to modify our solutions to interoperate with the replacement components. Any of these developments could extend our lead times, increase the costs of our components or costs of product development, cause us to miss market windows for product launch and adversely affect our business, operating results and financial condition.

We generally maintain minimal inventory for repairs and a number of evaluation and demonstration units, and generally acquire components only as needed. We do not enter into long-term supply contracts for these components. As a result, our ability to respond to channel partner or end customer orders efficiently may be constrained by the then-current availability, terms and pricing of these components. The technology industry has experienced component shortages and delivery delays in the past, and we may experience shortages or delays of critical components in the future as a result of strong demand in the industry, component availability constraints, or other factors. If we or our suppliers inaccurately forecast demand for our solutions or we ineffectively manage our enterprise resource planning processes, our suppliers may have inadequate inventory, which could increase the prices we must pay for substitute components or result in our inability to meet demand for our solutions, as well as damage our channel partner or end customer relationships.

If the suppliers of the components of our hardware appliances increase prices of components, experience delays, disruptions, capacity constraints, quality control problems in their manufacturing operations or adverse changes to their financial condition, our ability to ship appliances to our channel partners or end customers in a timely manner and at competitive prices could be impaired and our competitive position, brand, reputation, and operating results could be adversely affected. Qualifying a new component is expensive and time-consuming. If we are required to change key suppliers or assume internal manufacturing operations, we may lose revenue and damage our channel partner or end customer relationships which could adversely impact our revenue and operating results.

We enter into arrangements with our suppliers that could require us to purchase certain minimum levels of inventory, which could result in us incurring losses with respect to such inventory, and may negatively impact our business and operating results.

We enter into arrangements with our suppliers whereby the supplier will purchase certain quantities of components and allocate them exclusively for our use in our products. If we are unable to use the inventory within a specified period, we may be required to purchase the inventory, or to pay the supplier the difference between the price at which the supplier purchased the inventory and the price at which the supplier is ultimately able to sell the inventory to a third party. As a result, if we inaccurately or mistakenly forecast our need for any such components, or if the market price of any such components decreases after the components are purchased by a supplier, we may suffer losses with respect to such inventory, and our business and operating results could be adversely affected.

We rely upon third parties for the warehousing and delivery of appliances and replacement parts for support, and we therefore have less control over these functions than we otherwise would.

We outsource the warehousing and delivery of appliances to a third-party logistics provider for worldwide fulfillment. In addition, some of our support offerings commit us to replace defective parts in our appliances as quickly as four hours after the initial customer support call is received, which we satisfy by storing replacement parts inventory in various third-party supply depots in strategic worldwide locations. As a result of relying on third parties, we have reduced control over shipping and logistics transactions and costs, quality control, security and the supply of replacement parts for support. Consequently, we may be subject to shipping disruptions and unanticipated costs as well as failures to provide adequate support for reasons that are outside of our direct control. If we are unable to have appliances or replacement products shipped in a timely manner, end customers may cancel their contracts with us, we may suffer reputational harm and our business, operating results and prospects may be adversely affected.

Our ability to sell our solutions is dependent in part on ease of use and the quality of our technical support, and any failure to offer high-quality technical support would harm our business, operating results and financial condition.

Once our solutions are deployed, our end customers depend on our support organization to resolve any technical issues relating to our solutions. Furthermore, because of the emerging nature of our solutions, our support organization often provides support for and troubleshoots issues for products of other vendors running on our solutions, even if the issue is unrelated to our solutions. There is no assurance that we can solve issues unrelated to our solutions, or that vendors whose products run on our solutions will not challenge our provision of technical assistance to their products. Our ability to provide effective support is largely dependent on our ability to attract, train and retain personnel who are not only qualified to support our solutions, but also well versed in some of the primary applications and hypervisors that our end customers run on our solutions. Furthermore, as we expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. In addition, as we continue to expand our product portfolio to include additional solutions our ability to provide high-quality support will become more difficult and will involve more complexity. Any failure to maintain high-quality installation and technical support, or a market perception that we do not maintain high-quality support, could harm our reputation and brand, adversely affect our ability to sell our solutions to existing and prospective end customers, and could harm our business, operating results and financial condition.

Our solutions are highly technical and may contain undetected defects, which could cause data unavailability, unauthorized access to, loss, or corruption that might, in turn, result in liability to our end customers and harm to our reputation, brand and business.

Our solutions are highly technical and complex and are often used to store information critical to our end customers' business operations. Our solutions may contain undetected errors, defects or security vulnerabilities that could result in data unavailability, unauthorized access to, loss, corruption or other harm to our end customers' data. In addition, as we expand our platform and introduce new cloud-based products that may hold more of our customer's data, such as Xi Leap, any undetected or unresolved errors, defects or security vulnerabilities may result in material losses or corruption of our end-customers' data. Some errors or defects in our solutions may only be discovered after they have been installed and used by end customers. We previously conducted an in-field replacement of equipment manufactured by our previous outsourced manufacturer, and may be required to do so again in the future. In addition, we may make certain commitments to our OEMs regarding the time frames within which we will correct any security vulnerabilities in our software. If any hardware or software errors, defects or security vulnerabilities are discovered in our solutions after commercial release, a number of negative effects in our business could result, including but not limited to:

- lost revenue or lost OEM or other channel partners or end customers;
- increased costs, including warranty expense and costs associated with end customer support as well as development costs to remedy the errors or defects;
- delays, cancellations, reductions or rescheduling of orders or shipments;
- product returns or discounts; and

- damage to our reputation and brand.

In addition, we could face legal claims for breach of contract, product liability, tort or breach of warranty. While many of our contracts with end customers contain provisions relating to warranty disclaimers and liability limitations, these provisions might not be upheld or might not provide adequate protection if we face such legal claims. Defending a lawsuit, regardless of its merit, could be costly and may divert management's attention and adversely affect the market's perception of us and our solutions. In addition, our business liability insurance coverage could prove inadequate with respect to a claim and future coverage may be unavailable on acceptable terms or at all. These product-related issues could result in claims against us and our business could be adversely impacted.

Our business depends, in part, on sales to government organizations, and significant changes in the contracting or fiscal policies of such government organizations could have an adverse effect on our business and operating results.

We derive a portion of our revenue from contracts with federal, state, local and foreign governments, and we believe that the success and growth of our business will continue to depend on our successful procurement of government contracts. However, demand is often unpredictable from government organizations, and there can be no assurance that we will be able to maintain or grow our revenue from the public sector. Government agencies are subject to budgetary processes and expenditure constraints that could lead to delays or decreased capital expenditures in IT spending, particularly in light of continued uncertainties about government spending levels, such as the U.S. federal government shutdown which began in December 2018, and recent changes to, or failure to appoint new, government leaders. The budget and approval process for government agencies also experiences a longer sales cycle relative to our other end customers. If government organizations reduce or shift their capital spending patterns, our business, operating results and prospects may be harmed. Factors that could impede our ability to maintain or increase the amount of revenue derived from government contracts, include:

- public sector budgetary cycles and funding authorizations;
- changes in fiscal or contracting policies;
- decreases in available government funding;
- changes in government programs or applicable requirements;
- the adoption of new laws or regulations or changes to existing laws or regulations;
- potential delays or changes in the government appropriations or other funding authorization processes; and
- higher expenses associated with, or delays caused by, diligence and qualifying or maintaining qualification as a government vendor.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing our solutions in the future or otherwise have an adverse effect on our business, operating results and prospects.

Third-party claims that we are infringing intellectual property, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be harmed.

A number of companies, both within and outside of the enterprise computing infrastructure industry, hold a large number of patents covering aspects of storage, servers, networking, desktop, security and virtualization products. In addition to these patents, participants in this industry typically also protect their technology through copyrights and trade secrets. As a result, there is frequent litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. We have received, and in the future may receive, inquiries from other intellectual property holders and may become subject to claims that we infringe their intellectual property rights, particularly as we expand our presence in the market and face increasing competition. Based upon our review of these claims, we believe we have meritorious defenses to the allegations, although there can be no assurance that we will be successful in defending against these allegations or reaching a business resolution that is satisfactory to us. In addition, parties may claim that the names and branding of our solutions infringe their trademark rights in certain countries or territories. If such a claim were to prevail, we may have to change the names and branding of our solutions in the affected territories and we could incur other costs.

We currently have a number of agreements in effect pursuant to which we have agreed to defend, indemnify and hold harmless our end customers, suppliers and channel and other partners from damages and costs which may arise from the infringement by our solutions of third-party patents or other intellectual property rights. The scope of these indemnity obligations varies, but may, in some instances, include indemnification for damages and expenses, including attorneys' fees. A claim that our solutions infringe a third party's intellectual property rights, even if untrue, could harm our relationships with our end customers and/or channel partners, may deter future end customers from purchasing our solutions and could expose us to costly litigation and settlement expenses. Even if we are not a party to any litigation between a customer and a third party relating to infringement by our solutions, an adverse outcome in any such litigation could make it more difficult for us to defend our solutions against intellectual property infringement claims in any subsequent litigation in which we are a named party. Any of these results could harm our brand and operating results.

Our defense of intellectual property rights claims brought against us or our end customers, suppliers and channel partners, with or without merit, could be time-consuming, expensive to litigate or settle, divert management resources and attention and force us to acquire intellectual property rights and licenses, which may involve substantial royalty or other payments. Further, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages. An adverse determination also could invalidate our intellectual property rights and prevent us from offering our solutions to our end customers and may require that we procure or develop substitute solutions that do not infringe, which could require significant effort and expense. We may have to seek a license for the technology, which may not be available on acceptable terms or at all, and as a result may significantly increase our operating expenses or require us to restrict our business activities in one or more respects. Any of these events could adversely affect our business, operating results, financial condition and prospects.

The success of our business depends in part on our ability to protect and enforce our intellectual property rights.

We rely on a combination of patent, copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions and covenants, to establish and protect our proprietary rights, all of which provide only limited protection. We cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents in the United States and in certain international jurisdictions, but such protections may not be available in all countries in which we operate or in which we seek to enforce our intellectual property rights, or may be difficult to enforce in practice. Our currently issued patents and any patents that may be issued in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property.

Protecting against the unauthorized use of our intellectual property, solutions and other proprietary rights is expensive and difficult, particularly internationally. Litigation may be necessary in the future to enforce or defend our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could result in substantial costs and diversion of management resources, either of which could harm our business, operating results and financial condition. Further, many of our current and potential competitors have the ability to dedicate substantially greater resources to defending intellectual property infringement claims and to enforcing their intellectual property rights than we have. Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part. Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our solutions are available. An inability to adequately protect and enforce our intellectual property and other proprietary rights could seriously harm our business, operating results, financial condition and prospects.

We may become subject to claims that our employees have wrongfully disclosed or we have wrongfully used proprietary information of our employees' former employers. These claims may be costly to defend and if we do not successfully do so, our business could be harmed.

Many of our employees were previously employed at current or potential competitors. Although we have processes to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may in the future become subject to claims that these employees have divulged, or we have used, proprietary information of these employees' former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper our ability to develop new solutions and features for existing solutions, which could severely harm our business. Even if we are successful in defending against these claims, litigation efforts are costly, time-consuming and a significant distraction to management.

If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") and the rules and regulations of the Nasdaq Stock Market. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls, internal control over financial reporting and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our internal controls may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal controls also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports we will file with the SEC under Section 404 of the Sarbanes-Oxley Act. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our Class A common stock.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting to comply with the SEC rules that implement Sections 302 and 404 of the Sarbanes-Oxley Act, we have expended and anticipate that we will continue to expend significant resources and undertake various actions, including incurring accounting-related costs and implementing new internal controls and procedures, and providing significant management oversight. In addition, our independent registered public accounting firm is also required to formally attest to the effectiveness of our internal control over financial reporting and may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Any failure to maintain the adequacy of our internal controls, or consequent inability to produce accurate financial statements on a timely basis, or an adverse report from our independent auditors, could increase our operating costs and could materially impair our ability to operate our business and could have a material and adverse effect on our operating results and could cause a decline in the price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Stock Market.

Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose end customers in the public sector or negatively impact our ability to contract with the public sector.

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, antitrust laws, workplace safety, product safety, environmental laws, consumer protection laws, anti-bribery laws, import/export controls, federal securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages and civil and criminal penalties or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, reputation, operating results and financial condition could be adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in third-party professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

In addition, we must comply with laws and regulations relating to the formation, administration and performance of contracts with the public sector, including U.S. federal, state and local governmental organizations, which affect how we and our channel partners do business with governmental agencies. Selling our solutions to the U.S. government, whether directly or through channel partners, also subjects us to certain regulatory and contractual requirements. Failure to comply with these requirements by either us or our channel partners could subject us to investigations, fines and other penalties, which could have an adverse effect on our business, operating results, financial condition and prospects. As an example, the U.S. Department of Justice ("DOJ") and the General Services Administration ("GSA") have in the past pursued claims against and financial settlements with IT vendors under the False Claims Act and other statutes related to pricing and discount practices and compliance with certain provisions of GSA contracts for sales to the federal government. The DOJ and GSA continue to actively pursue such claims. Violations of certain regulatory and contractual requirements could also result in us being suspended or debarred from future government contracting. Any of these outcomes could have an adverse effect on our revenue, operating results, financial condition and prospects.

These laws and regulations impose added costs on our business, and failure to comply with these or other applicable regulations and requirements, including noncompliance in the past, could lead to claims for damages from our channel partners, penalties, termination of contracts, loss of exclusive rights in our intellectual property and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions or limitations in our ability to do business with the public sector could have an adverse effect on our business and operating results.

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could adversely affect our business and operating results. Compliance with such laws could also impair our efforts to maintain and expand our customer base, and thereby decrease our revenue.

Personal privacy, data protection and information security are significant issues in the United States and the other jurisdictions where we offer our solutions. The regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission ("FTC") and various state, local and foreign bodies and agencies.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use and storage of personal information of individuals, including end customers and employees. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws to the online collection, use and dissemination of data. Additionally, many foreign countries and governmental bodies, including in Australia, the European Union, India, Japan and numerous other jurisdictions in which we operate or conduct our business, have laws and regulations concerning the collection and use of personal information obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. Such laws and regulations may require companies to implement new privacy and security policies, permit individuals to access, correct and delete personal information stored or maintained by such companies, inform individuals of security breaches that affect their personal information, and, in some cases, obtain individuals' consent to use personal information for certain purposes. In addition, a foreign government could require that any personally identifiable information collected in a country not be disseminated outside of that country, and we are not currently equipped to comply with such a requirement.

We also expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the European Union and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. For example, California has enacted the California Consumer Privacy Act ("CCPA") that will, among other things, require covered companies to provide new disclosures to California consumers and afford such consumers new abilities to opt-out of certain sales of personal information, when it goes into effect on January 1, 2020. The CCPA recently was amended, and it is possible that it will be amended again before it goes into effect. We cannot yet predict the impact of the CCPA on our business or operations, but it may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Additionally, the General Data Protection Regulation ("GDPR"), which became effective in May 2018, superseded prior EU data protection legislation, imposes more stringent EU data protection requirements, provides an enforcement authority which substantially increases compliance costs, and imposes large penalties for noncompliance. Moreover, as a result of current and proposed data protection and privacy laws aimed at using personal data for marketing purposes, including the ePrivacy Regulation to replace the ePrivacy Directive in the European Union, we face an increased difficulty in marketing to current and potential customers, which impacts our ability to spread awareness of our products and services and, in turn, grow a customer base in some regions. As we begin to offer more cloud-based services, we will increasingly be positioned as a data processor, which imposes additional obligations under the foregoing and other laws and regulations relating to privacy and data protection, and may increase our liability exposure by operation of law, contract, or penalties for noncompliance. Additionally, we expect that existing laws, regulations and standards may be interpreted in new manners in the future. Current or future laws, regulations, standards and other obligations, as well as changes in the interpretation of existing laws, regulations, standards and other obligations could impair our or our customers' ability to collect, use or disclose information relating to individuals, which could decrease demand for our solutions, require us to restrict our business operations, increase our costs and impair our ability to maintain and grow our customer base and increase our revenue.

Although we are working to comply with those federal, state and foreign laws and regulations, industry standards, contractual obligations and other legal obligations that apply to us, those laws, regulations, standards and obligations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another, other requirements or legal obligations, our practices or the features of our solutions. As such, we cannot assure ongoing compliance with all such laws or regulations, industry standards, contractual obligations and other legal obligations. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, industry standards, contractual obligations or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personal information or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse effect on our reputation, brand and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations could result in additional cost and liability to us, damage our reputation and brand, inhibit sales and adversely affect our business and operating results.

Failure to comply with anticorruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences.

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act of 2010 ("U.K. Bribery Act") and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anticorruption laws that prohibit companies and their employees and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. In addition, we use various third parties to sell our solutions and conduct our business abroad. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. We continue to update and implement our FCPA/anti-corruption compliance program and no assurance can be given that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, other applicable anticorruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could have a material and adverse effect on our reputation, brand, business, operating results and prospects. In addition, responding to any enforcement action may result in a materially significant diversion of management's attention and resources and significant defense costs and other third-party professional fees.

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our solutions are subject to U.S. export controls, including the Export Administration Regulations and economic sanctions administered by the Office of Foreign Assets Control, and we incorporate encryption technology into certain of our solutions. These encryption products and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license, a license exception or other appropriate government authorizations, including the filing of an encryption registration.

Furthermore, our activities are subject to the U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations, including to countries, governments and persons targeted by U.S. embargoes or sanctions. Additionally, the U.S. government has recently been critical of existing trade agreements and may impose more stringent export and import controls. Obtaining the necessary export license or other authorization for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities even if the export license ultimately may be granted. While we take precautions to prevent our solutions from being exported in violation of these laws, including obtaining authorizations for our encryption products, implementing IP address blocking and screenings against U.S. government and international lists of restricted and prohibited persons, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. Violations of U.S. sanctions or export control laws can result in significant fines or penalties and possible incarceration for responsible employees and managers could be imposed for criminal violations of these laws.

We also note that if our channel partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. We presently incorporate export control compliance requirements into our channel partner agreements; however, no assurance can be given that our channel partners will be able to comply with such requirements.

Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our solutions or could limit our end customers' ability to implement our solutions in those countries. Changes in our solutions or future changes in export and import regulations may create delays in the introduction of our solutions in international markets, prevent our end customers with international operations from deploying our solutions globally or, in some cases, prevent the export or import of our solutions to certain countries, governments, or persons altogether. From time to time, various governmental agencies have proposed additional regulation of encryption technology, including the escrow and government recovery of private encryption keys. Any change in export or import regulations, economic sanctions or related legislation, increased export and import controls stemming from U.S. government policies, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our solutions by, or in our decreased ability to export or sell our solutions to, existing or potential end customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would adversely affect our business, operating results and prospects.

Our international operations expose us to additional risks, and failure to manage those risks could adversely affect our business, operating results and cash flows.

We derive a significant portion of our revenue from end customers and channel partners outside the United States. We derived approximately 42%, 44% and 45% of our total revenue from our international customers based on bill-to-location for fiscal 2017, 2018 and 2019, respectively. We are continuing to adapt to and develop strategies to address international markets but there is no guarantee that such efforts will have the desired effect. As of July 31, 2019, approximately 49% of our full-time employees were located outside of the United States. We expect that our international activities will continue to grow over the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant management attention and financial resources. We are subject to risks associated with having significant worldwide operations, including, but not limited to:

- business practices may differ from those in the United States and may require us in the future to include terms other than our standard terms in customer, channel partner, employee, consultant and other contracts;
- political, economic and social instability or uncertainty around the world, including the United Kingdom's potential separation from the European Union, commonly known as "Brexit";
- potential changes in trade relations arising from policy initiatives implemented by, or statements made by, the U.S. government, which has been critical of existing and proposed trade agreements;
- the potential impact of tariffs or other trade restrictions imposed by, or threatened to be imposed by, the U.S. government, such as the recently imposed tariffs for Chinese imports to the U.S.;
- greater difficulty in enforcing contracts, judgments and arbitration awards in international courts, and in collecting accounts receivable and longer payment and collection periods;
- greater risk of unexpected changes in regulatory practices, tariffs and tax laws and treaties;
- risks associated with trade restrictions and foreign legal requirements, including the importation, certification and localization of our solutions required in foreign countries;
- greater risk of a failure of foreign employees, partners, distributors and resellers to comply with both U.S. and foreign laws, including antitrust regulations, the FCPA, the U.K. Bribery Act, U.S. or foreign sanctions regimes and export or import control laws and any trade regulations ensuring fair trade practices;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- requirements to comply with foreign privacy, data protection and information security laws and regulations and the risks and costs of noncompliance;
- reduced or uncertain protection for intellectual property rights in some countries;

- impediments to the flow of foreign exchange capital payments and receipts due to exchange controls instituted by certain foreign governments;
- increased expenses incurred in establishing and maintaining corporate entities, office space and equipment for our international operations;
- difficulties in managing and staffing international offices and increased travel, infrastructure and legal and regulatory compliance costs associated with multiple international locations, including costs related to additional regulatory reviews or audits, financial accounting and reporting obligations and international cybersecurity requirements;
- greater difficulty in identifying, attracting and retaining local experienced personnel, and the costs and expenses associated with such activities;
- the challenge of managing a development team in geographically disparate locations;
- management communication and integration problems resulting from cultural and geographic dispersion;
- differing employment practices and labor relations issues;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business; and
- treatment of revenue from international sources for tax purposes and changes in tax laws, regulations or official interpretations, including being subject to foreign tax laws and being liable for paying withholding, income or other taxes in foreign jurisdictions.

As we expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these risks. These factors and other factors could harm our ability to gain future international revenue and, consequently, materially impact our business, operating results and financial condition. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

A number of our solutions incorporate software provided under open source licenses which may restrict or impose certain obligations on how we use or distribute our solutions or subject us to various risks and challenges, which could result in increased development expenses, delays or disruptions to the release or distribution of those solutions, inability to protect our intellectual property rights and increased competition.

Certain significant components of our solutions incorporate or are based upon open source software, and we may incorporate open source software into other solutions in the future. Such open source software is generally licensed under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General Public License, "Apache-style" licenses, "BSD-style" licenses and other open source licenses. The use of open source software subjects us to a number of risks and challenges, including, but not limited to:

- If open source software programmers, most of whom we do not employ, do not continue to develop and enhance open source technologies, our development expenses could increase and our product release and upgrade schedules could be delayed.
- Open source software is open to further development or modification by anyone. As a result, others may develop such software to be competitive with our platform and may make such competitive software available as open source. It is also possible for competitors to develop their own solutions using open source software, potentially reducing the demand for, and putting price pressure on, our solutions.

- The licenses under which we license certain types of open source software may require that, if we modify the open source software we receive, we are required to make such modified software and other related proprietary software of ours publicly available without cost and on the same terms. Accordingly, we monitor our use of open source software in an effort to avoid subjecting our proprietary software to such conditions and others we do not intend. Although we believe that we have complied with our obligations under the various applicable licenses for open source software that we use, our processes used to monitor how open source software is used could be subject to error. In addition, there is little or no legal precedent governing the interpretation of terms in most of these licenses. Therefore, any improper usage of open source could result in unanticipated obligations regarding our solutions and technologies, which could have an adverse impact on our intellectual property rights and our ability to derive revenue from solutions incorporating the open source software.
- If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur legal expenses defending against such allegations, or engineering expenses in developing a substitute solution.

If we are unable to successfully address the challenges of integrating offerings based upon open source technology into our business, our business and operating results may be adversely affected and our development costs may increase.

Adverse or uncertain macroeconomic conditions or reduced IT spending may adversely impact our business, revenues and profitability.

Our business, operations and performance depend in part on worldwide economic conditions and the impact these conditions have on the overall demand for enterprise computing infrastructure solutions and on the economic health and general willingness of our current and prospective end customers to purchase our solutions and to continue spending on IT in general. The global macroeconomic environment has been, and may continue to be, inconsistent, challenging and unpredictable due to international trade disputes, tariffs, including those recently imposed by the U.S. government on Chinese imports to the U.S., uncertainties related to changes in public policies such as domestic and international regulations, taxes, or international trade agreements, elections, geopolitical turmoil, instability in the global credit markets, uncertainties regarding the effects of the United Kingdom’s potential separation from the European Union, commonly known as "Brexit," actual or potential government shutdowns and other disruptions to global and regional economies and markets.

These macroeconomic challenges and uncertainties have, and may continue to, put pressure on global economic conditions and overall IT spending and may cause our end customers to modify spending priorities or delay purchasing decisions, thereby lengthening sales cycles and potentially lowering prices for our solutions, and may make it difficult for us to forecast our sales and operating results and to make decisions about future investments, any of which could materially harm our business, operating results and financial condition.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our operating results.

Our sales contracts are denominated in U.S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk. However, a relative strengthening of the U.S. dollar could increase the real cost of our solutions to our end customers outside of the United States, which could adversely affect our financial condition and operating results. In addition, an increasing portion of our operating expenses is incurred outside the United States, is denominated in foreign currencies such as the Euro, the Pound Sterling, the Indian Rupee, the Canadian Dollar and the Australian Dollar, and is subject to fluctuations due to changes in foreign currency exchange rates. If we become more exposed to currency fluctuations and are not able to successfully hedge against the risks associated with currency fluctuations, our operating results could be adversely affected. Furthermore, such currency fluctuations may also adversely impact our ability to accurately predict our future financial results. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our operating results.

We do not collect sales and use, value added or similar taxes in all jurisdictions in which we have sales, and we have been advised that such taxes are not applicable to our products and services in certain jurisdictions. Sales and use, value added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable. The U.S. Supreme Court's recent decision in *South Dakota v. Wayfair, Inc.* increasing states' ability to assert taxing jurisdiction on out-of-state retailers could result in additional jurisdictions asserting that sales and use or other taxes apply to our products and services. The assertion that such taxes are applicable by a jurisdiction in which we do not collect such taxes could result in tax assessments, penalties and interest, to us or our end customers for the past amounts, and we may be required to collect such taxes in the future. If we are unsuccessful in collecting such taxes from our end customers, we could be held liable for such costs, which may adversely affect our operating results.

Our international operations may subject us to potential adverse tax consequences.

We are expanding our international operations and staff to better support our growth into the international markets. Our corporate structure and associated transfer pricing policies contemplate the business flows and future growth into the international markets, and consider the functions, risks and assets of the various entities involved in the intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to the intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

Changes in global tax laws could increase our worldwide tax rate and could have a material adverse effect on our business, cash flow, results of operations or financial conditions.

In December 2017, the U.S. Congress passed and the President signed legislation commonly referred to as the Tax Cuts and Jobs Act ("TCJA"), which includes a broad range of tax reform proposals affecting businesses, including a federal corporate rate reduction from 35% to 21%; limitations on the deductibility of interest expense and executive compensation; creation of new minimum taxes such as the base erosion anti-abuse tax, Global Intangible Low Taxed Income; and a new minimum tax on certain foreign earnings. In addition, in June 2019, the U.S. Court of Appeals for the Ninth Circuit overturned the 2015 U.S. tax court decision in *Altera Corp. v. Commissioner*. The Ninth Circuit's opinion upholds Treasury Regulations requiring the inclusion of stock-based compensation costs under cost sharing agreements. Based on our preliminary analysis, we believe the impact of the court's decision would not have a material impact on our consolidated financial statements; however, additional changes to precedent or applicable law on this point could impact our financial statements or operations.

In addition, international organizations such as the Organization for Economic Cooperation and Development, have published Base Erosion and Profit Shifting, action plans that, if adopted by countries where we do business, could increase our tax obligations in these countries. We will continue to assess the ongoing impact of these current and pending changes to global tax legislation and the impact on the Company's future financial statements upon the finalization of laws, regulations and additional guidance. In addition, we have continued to evaluate our corporate structure. Any changes to the taxation of undistributed foreign earnings could change our plans regarding reinvestment of such earnings. Due to the large scale of our U.S. and international business activities, many of these enacted and proposed changes to the taxation of our activities could increase our worldwide effective tax rate and have an adverse effect on our operating results, cash flow or financial condition.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

In general, under Section 382 of the United States Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an ownership change is subject to limitations on its ability to utilize its pre-change net operating losses, or NOLs, and other tax attributes to offset future taxable income. An ownership change occurs when a company's "five-percent shareholders" (as defined in Section 382 of the Code) collectively increase their ownership in the company by more than 50 percentage points (by value) over a rolling three-year period. Similar limitations may apply for state tax purposes. If our existing NOLs are subject to limitations arising from previous ownership changes, our ability to utilize NOLs could be limited by Section 382 of the Code. In addition, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. Moreover, the TCJA eliminates the carryback and permits the indefinite carryforward of NOLs arising in tax years ending after December 31, 2017 (whereas NOLs arising in tax years ending prior to that date continue to have a two-year carryback and twenty-year carryforward), and limits the deductibility of NOLs arising in tax years beginning after December 31, 2017 to 80% of current year taxable income. As a result, if we earn net taxable income, our ability to use our NOLs and other tax attributes to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, and interruptions by man-made problems, such as network security breaches, computer viruses or terrorism.

A significant natural disaster, such as an earthquake, fire, flood or significant power outage could have an adverse impact on our business and operating results. Despite the implementation of network security measures, our networks also may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our solutions. Both our corporate headquarters and our main contract manufacturers are located in the San Francisco Bay Area, a region known for seismic activity. In addition, natural disasters, acts of terrorism or war could cause disruptions in our or our end customers' or channel partners' businesses, our suppliers' and manufacturers' operations or the economy as a whole. We also rely on IT systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. We do not have a formal disaster recovery plan or policy in place and do not currently require that our manufacturing partners have such plans or policies in place. To the extent that any such disruptions result in delays or cancellations of orders or impede our suppliers' or our manufacturers' ability to timely deliver our solutions and product components, or the deployment of our solutions, our business, operating results and financial condition would be adversely affected. We do maintain what we believe are commercially reasonable levels of business interruption insurance. However, such insurance may not adequately cover our losses in the event of a significant disruption in our business.

If we are the victim of a cyber attack or other cyber security incident and our networks, computer systems or software solutions are breached or unauthorized access to sensitive or proprietary information, including employee or customer data, otherwise occurs, our business operations may be interrupted, our reputation and brand may be damaged, and we may incur significant liabilities.

Cyber attacks designed to gain access to sensitive or proprietary information by breaching mission critical systems of large organizations are constantly evolving, and high-profile electronic security breaches leading to the unauthorized release of sensitive or proprietary information, including employee and customer information, have occurred at a number of large companies in recent years. Companies in our industry have reported that they have been subject to cyber attacks, including attacks potentially from nation-state actors, and we could be subject to similar attacks. Computer malware, viruses, social engineering (predominantly spear phishing attacks) and general hacking have become more prevalent in our industry, particularly against cloud services, and companies like us can suffer security breaches from a variety of causes, whether due to third-party action, software vulnerabilities or coding errors, physical break-ins, employee error, malfeasance or otherwise. As we transition to offering more cloud-based solutions, such as Nutanix Xi Cloud Services, we may increasingly be the target of cyber threats. Because the techniques used and vulnerabilities exploited to obtain unauthorized access or to sabotage systems change frequently, and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or vulnerabilities or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. If any unauthorized access to or security breach of our solutions occurs, or is believed to have occurred, such an event or perceived event could result in the loss of data, loss of intellectual property or trade secrets, loss of business, severe reputational or brand damage adversely affecting end customer or investor confidence, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach and penalties for violation of privacy, data protection and other applicable laws, regulations or contractual obligations. We may also be subject to significant costs for remediation that may include liability for stolen assets or information and repair of system damage that may have been caused or incentives offered to end customers or other business partners in an effort to maintain business relationships after a breach and other liabilities. Additionally, any such event or perceived event could impact our reputation and brand, harm customer confidence, hurt our sales and expansion into existing and new markets or cause us to lose potential or existing end customers. Furthermore, a high-profile security breach suffered, or perceived to have been suffered, by an industry peer may entail a general loss of trust in our industry and thereby have a similar adverse impact on our business and financial performance as a direct breach suffered by us. We could be required to expend significant capital and other resources to alleviate problems caused by such actual or perceived breaches and to remediate our systems, we could be exposed to a risk of loss, litigation or regulatory action and possible liability, and our ability to operate our business may be impaired. Additionally, actual, potential or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants.

In addition, if the security measures of our end customers, partners, vendors, or suppliers are compromised, even without any actual compromise of our own systems or of our solutions used by such end customers, partners, vendors, or suppliers, we may face negative publicity, reputational harm or brand damage if our end customers, partners, vendors, or suppliers or anyone else incorrectly attributes the blame for such security breaches to us or our solutions. If end customers believe that our solutions do not provide adequate security for the storage of personal or other sensitive or proprietary information or the transmission of such information over the internet, our business will be harmed. End customers' concerns about security or privacy may deter them from using our solutions for activities that involve personal or other sensitive information, which may significantly affect our business and operating results. Moreover, we have acquired a number of companies, products, services and technologies over the years. Although we devote significant resources to address any security issues with respect to such acquisitions, we may still inherit additional risks as we integrate these companies, products, services and technologies into our business and solutions.

We have expanded and may further expand through acquisitions of, or investments in, other companies, each of which may divert our management's attention, resulting in additional dilution to our stockholders and consumption of resources that are necessary to sustain and grow our business.

Our business strategy may, from time to time, include acquiring other complementary products, technologies or businesses. For example, in August 2018 we acquired Mainframe2, Inc., in March 2018 we acquired Minjar, Inc. and Netsil Inc., in August 2016, we acquired Calm.io Pte. Ltd. and in September 2016, we acquired PernixData, Inc. We also may enter into relationships with other businesses in order to expand our solutions, which could involve preferred or exclusive licenses, additional channels of distribution or discount pricing or investments in other companies. Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals, which are beyond our control. Consequently, we can make no assurance that these transactions once undertaken and announced, will close.

These kinds of acquisitions or investments may result in unforeseen expenditures and operating and integration difficulties, especially if the acquisitions or investments are more complex in structure and scope, including due to the geographic location of the acquired company. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of companies that we may acquire, particularly if the key personnel of the acquired business choose not to work for us. We may have difficulty retaining the customers of any acquired business or the acquired technologies or research and development expectations may prove unsuccessful. Acquisitions may also disrupt our ongoing business, divert our resources, require significant management attention that would otherwise be available for development of our business and may be viewed negatively by our end customers, investors or securities analysts. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition transaction, including accounting charges. Any acquisition or investment could expose us to unknown liabilities and risks, and we may incur additional costs and expenses necessary to address an acquired company's failure to comply with laws and governmental rules and regulations. Moreover, we cannot assure you that the anticipated benefits of any acquisition or investment would be realized in a timely manner, if at all, or that we would not be exposed to unknown liabilities. In connection with these types of transactions, we may issue additional equity securities that would dilute our stockholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures and become subject to adverse tax consequences, substantial depreciation or deferred compensation charges. These challenges related to acquisitions or investments could adversely affect our business, operating results, financial condition and prospects.

Regulations related to conflict minerals may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals used in the manufacturing of our solutions.

We are subject to the requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") that will require us to perform due diligence and disclose and report whether our solutions contain conflict minerals. Although the SEC has recently provided guidance with respect to a portion of the conflict mineral filing requirements that may somewhat reduce our reporting practices, we have incurred and expect to incur additional costs to comply with these disclosure requirements, and the requirements could adversely affect the sourcing, availability and pricing of the materials used in the manufacture of components used in our products.

Risks Related to the Convertible Senior Notes (the "Notes")

We may not have the ability to raise the funds necessary to settle conversions of the Notes in cash or to repurchase the Notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the Notes.

Holders of the Notes will have the right to require us to repurchase all or a portion of their Notes upon the occurrence of a fundamental change before the maturity date at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, upon conversion of the Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. Moreover, we will be required to repay the Notes in cash at their maturity unless earlier converted or repurchased. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes surrendered therefor or pay cash with respect to Notes being converted or at their maturity.

In addition, our ability to repurchase Notes or to pay cash upon conversions of Notes or at their maturity may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase Notes at a time when the repurchase is required by the indenture or to pay cash upon conversions of Notes or at their maturity as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. Moreover, the occurrence of a fundamental change under the indenture could constitute an event of default under any such agreement. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness or to pay cash amounts due upon conversion, upon required repurchase or at maturity of the Notes.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of the Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of Notes do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the Notes, could have a material effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options ("ASC 470-20"), an entity must separately account for the liability and equity components of the convertible debt instruments, such as the Notes, that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet at the issuance date and the value of the equity component would be treated as debt discount for the purpose of accounting for the debt component of the Notes. As a result, we are required to record non-cash interest expense as a result of the amortization of the discounted carrying value of the Notes to their face amount over the term of the Notes. We will report larger net losses (or lower net income) in our financial results because ASC 470-20 will require interest to include the amortization of the debt discount, which could adversely affect our reported or future financial results or the trading price of our Class A common stock.

In addition, under certain circumstances, convertible debt instruments (such as the Notes) that may be settled entirely or partly in cash may be accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of such Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of such Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of Class A common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable or otherwise elect not to use the treasury stock method in accounting for the shares issuable upon conversion of the Notes, then our diluted earnings per share could be adversely affected.

The convertible note hedge and warrant transactions may affect the value of the Notes and our Class A common stock.

In connection with the pricing of the Notes, we entered into convertible note hedge transactions with one or more of the initial purchasers of the Notes and/or their respective affiliates or other financial institutions, or the option counterparties. We also entered into warrant transactions with the option counterparties pursuant to which we will sell warrants for the purchase of our Class A common stock. The convertible note hedge transactions are expected generally to reduce the potential dilution upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount upon conversion of any Notes. The warrant transactions could separately have a dilutive effect to the extent that the market price per share of our Class A common stock exceeds the strike price of the warrants.

The option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock in secondary market transactions prior to the maturity of the Notes (and are likely to do so during any observation period related to a conversion of Notes or following any repurchase of Notes by us on any fundamental change repurchase date or otherwise). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock. In addition, if any such convertible note hedge and warrant transactions fail to become effective, the option counterparties may unwind their hedge positions with respect to our Class A common stock, which could adversely affect the value of our Class A common stock.

The potential effect, if any, of these transactions and activities on the market price of our Class A common stock will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our Class A common stock.

We are subject to counterparty risk with respect to the convertible note hedge transactions.

The option counterparties will be financial institutions or affiliates of financial institutions, and we will be subject to the risk that one or more of such option counterparties may default under the convertible note hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If any option counterparty becomes subject to bankruptcy or other insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with that option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in our Class A common stock market price and in the volatility of the market price of our Class A common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and dilution with respect to our Class A common stock. We can provide no assurance as to the financial stability or viability of any option counterparty.

Risks Related to Ownership of Our Class A Common Stock

The market price of our Class A common stock may be volatile and may decline.

The market price of our Class A common stock has fluctuated and may continue to fluctuate substantially. The market price of our Class A common stock depends on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of high technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- changes in financial estimates by any analysts who follow our company, including as a result of our plan to transition our business toward a subscription-based model, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements by us or our competitors of new products or new or terminated significant contracts, commercial relationships or capital commitments;
- public analyst or investor reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes or fluctuations in our operating results;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- actual or threatened litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or our solutions, or third-party proprietary rights;
- rumored, announced or completed acquisitions of businesses or technologies of or by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;

- any major changes in our management or our Board of Directors;
- general economic conditions and slow or negative growth of our markets; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action litigation has often been instituted against that company. For example, following our earnings release in February 2019, the price of our Class A common stock fell significantly and, as a result, multiple class action securities lawsuits have been filed against us, as well as multiple shareholder derivative claims. These securities litigation matters, as well as any additional securities litigation matters that may be instituted against us, could result in substantial costs, divert our management's attention and resources from our business, and adversely impact our reputation and brand. This could have an adverse effect on our business, operating results and financial condition.

Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could reduce the price that our Class A common stock might otherwise attain and may dilute your voting power and your ownership interest in us.

Sales of a substantial number of shares of our Class A common stock in the public markets, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales could occur, could adversely affect the market price of our Class A common stock.

We have reserved a substantial number of shares of our Class A common stock for issuance upon vesting or exercise of our equity compensation plans, upon conversion of the Notes and in relation to warrant transactions we entered into in connection with the pricing of the Notes.

In addition, certain holders of our Class B common stock are entitled to rights with respect to registration of these shares under the Securities Act of 1933, as amended, pursuant to our Amended and Restated Investors' Rights Agreement. If such holders exercise their registration rights and sell a large number of shares, they could adversely affect the market price for our Class A common stock. We have also registered the offer and sale of all shares of Class A and Class B common stock that we may issue under our equity compensation plans.

We may also issue our shares of Class A common stock or additional securities convertible into shares of our Class A common stock from time to time in connection with a financing, acquisition, investments or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

The dual class structure of our common stock as contained in our charter documents has the effect of concentrating voting control with a limited number of stockholders that held our stock prior to our IPO, including our directors, executive officers, and employees, and their affiliates, and significant stockholders, which will limit your ability to influence corporate matters.

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. As of July 31, 2019, stockholders who hold shares of Class B common stock, including our investors and our directors, executive officers and employees, and their affiliates, together hold a majority of the voting power of our outstanding capital stock. As a result, for the foreseeable future, such stockholders will have significant influence over the management and affairs of our company and over the outcome of all matters submitted to our stockholders for approval, including the election of directors and significant corporate transactions, such as a merger, consolidation or sale of substantially all of our assets.

In addition, the holders of Class B common stock collectively will continue to control all matters submitted to our stockholders for approval even if their stock holdings represent less than 50% of the outstanding shares of our common stock. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected. These holders of our Class B common stock may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests, and, unless earlier converted at the election of the holders of 67% of our outstanding Class B common stock, our amended and restated certificate of incorporation provides for a dual class stock structure for 17 years following the completion of our IPO.

Future transfers, whether or not for value, by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers affected for estate planning purposes. The conversion of shares of our Class B common stock into shares of our Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If one or more significant holders of our Class B common stock decides to convert or sell their shares, it could result in a different group of Class B common stock holders having the power to exert significant influence over our company, which may or may not align with the strategy and direction set by our management. Any such changes could adversely affect the market price of our Class A common stock.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified Board members.

We are subject to the reporting and corporate governance requirements of the Exchange Act, the listing requirements of the Nasdaq Stock Market and other applicable securities rules and regulations, including the Sarbanes-Oxley Act and the Dodd-Frank Act. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly now that we are no longer an "emerging growth company," as defined in the Jumpstart Our Business Startups Act. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. In order to improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business, financial condition, results of operations and prospects. Although we have already hired additional employees to help comply with these requirements, we may need to further expand our legal and finance departments in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business and prospects may be harmed. As a result of our required public disclosures of information, our business and financial condition are more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, financial condition, results of operations and prospects could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, financial condition, results of operations and prospects.

In addition, as a result of our disclosure obligations as a public company, we will have reduced strategic flexibility and will be under pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability.

If financial or industry analysts do not publish research or reports about our business, if they have a difficulty understanding the changes to our business model, or if they issue inaccurate or unfavorable research regarding our Class A common stock, our stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. In addition, we are in a period of transition to a subscription-based business model in the long term, which analysts may not have historically reflected, or may not accurately in the future reflect, in their research. The foregoing factors could affect analysts' ability to accurately forecast our results and make it more likely that we fail to meet their estimates. In the event we obtain industry or financial analyst coverage, if any of the analysts who cover us issue an inaccurate or unfavorable opinion regarding our stock price, our stock price would likely decline. In addition, the stock prices of many companies in the high technology industry have declined significantly after those companies have failed to meet, or often times significantly exceeded, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet (or significantly exceed) our announced guidance or the expectations of analysts or public investors, analysts could downgrade our Class A common stock or publish unfavorable research about us. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline, potentially significantly.

Certain provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove members of our Board of Directors or current management and may adversely affect the market price of our Class A common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our Board of Directors or take other corporate actions, including effecting changes in our management. These provisions include:

- our amended and restated certificate of incorporation provides for a dual class common stock structure for 17 years following the completion of our IPO;
- a classified Board of Directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our Board of Directors;
- the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- upon the conversion of our Class A common stock and Class B common stock into a single class of common stock, the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors;
- upon the conversion of our Class A common stock and Class B common stock into a single class of common stock, a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our Board of Directors, our lead independent director, our president, our secretary or a majority vote of our Board of Directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;

- the requirement for the affirmative vote of holders of at least 66 2⁄3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our Board of Directors, by majority vote, to amend our amended and restated bylaws, which may allow our Board of Directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend our amended and restated bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

We do not intend to pay dividends in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our Class A common stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any dividends on our Class A common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 2. Properties

Our corporate headquarters are located in San Jose, California where, under lease agreements that expire through May 2024, we currently lease approximately 400,000 square feet of space. We also maintain offices in North America, Europe, Asia Pacific, the Middle East, Latin America and Africa. We lease all of our facilities and do not own any real property. We expect to add facilities as we grow our employee base and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future and that, should it be needed, suitable additional space will be available to accommodate the expansion of our operations.

Item 3. Legal Proceedings

The information set forth under the "Legal Proceedings" subheading in Note 7 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our Class A common stock began trading publicly on the NASDAQ Stock Market under the ticker symbol "NTNX" on September 30, 2016. Prior to that time, there was no public market for our Class A common stock. The following table sets forth, for the periods indicated, the high and low sale prices of our Class A common stock as reported on the NASDAQ Global Select Market.

	Fiscal 2018		Fiscal 2019	
Fiscal Quarter:	**High**	**Low**	**High**	**Low**
First quarter	$ 28.50	$ 20.70	$ 61.13	$ 35.95
Second quarter	$ 38.41	$ 27.33	$ 52.23	$ 36.13
Third quarter	$ 55.51	$ 30.34	$ 54.14	$ 33.51
Fourth quarter	$ 63.71	$ 48.88	$ 42.98	$ 22.70

Our Class B common stock is not listed nor traded on any stock exchange.

Holders of Record

As of July 31, 2019, there were 141 holders of record of our Class A common stock. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions. As of July 31, 2019, there were approximately 47 stockholders of record of our Class B common stock.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our Board of Directors, subject to applicable laws and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our Board of Directors may deem relevant.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

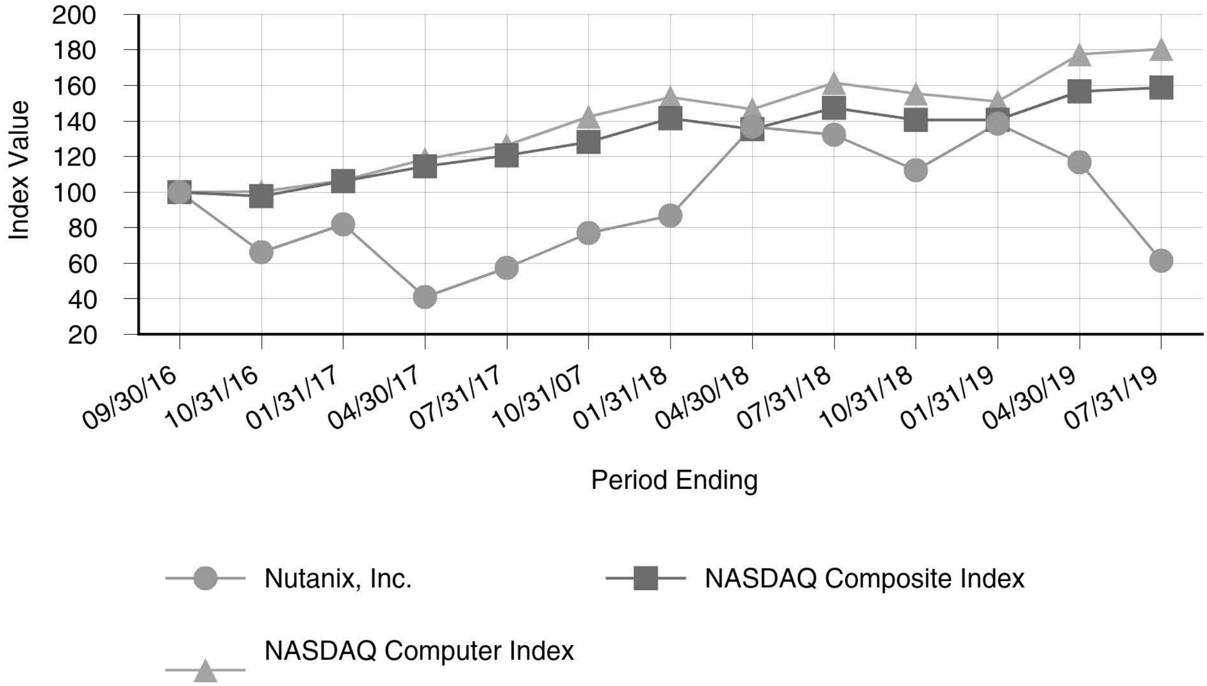
Purchases of Equity Securities by the Issuer

None.

Stock Performance Graph

The following graph shows a comparison from September 30, 2016 (the date our Class A common stock commenced trading on the NASDAQ Stock Market) through July 31, 2019 of the cumulative total return for our Class A common stock based on the closing price on the last day of each respective period. The graph assumes an initial investment of $100 on September 30, 2016 in the common stock of Nutanix, Inc., the NASDAQ Composite Index and NASDAQ Computer Index and assumes reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

NUTANIX, INC. COMPARISON OF 34 MONTH CUMULATIVE TOTAL RETURN PERFORMANCE



	Fiscal Quarter												
	9/30/16	10/31/16	1/31/17	4/30/17	7/31/17	10/31/17	1/31/18	4/30/18	7/31/18	10/31/18	1/31/19	4/30/19	7/31/19
Nutanix, Inc.	$ 100	$ 66.22	$ 81.81	$ 41.05	$ 57.42	$ 77.03	$ 86.76	$ 136.73	$ 132.14	$ 112.19	$138.46	$116.73	$ 61.35
NASDAQ Composite Index	$ 100	$ 97.73	$106.07	$ 114.58	$120.60	$ 128.15	$ 141.54	$ 135.30	$ 147.29	$ 140.63	$140.57	$156.70	$158.70
NASDAQ Computer Index	$ 100	$ 100.24	$106.62	$ 118.53	$126.31	$ 142.43	$ 153.29	$ 146.66	$ 161.52	$ 155.46	$151.01	$177.43	$180.56

The information on the above graph shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act, and shall not be incorporated by reference into any registration statement or other document filed by us with the SEC, whether made before or after the date of this Annual Report on Form 10-K, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated herein by reference to our definitive proxy statement for our 2019 annual meeting of stockholders, which will be filed no later than 120 days after the end of our fiscal year ended July 31, 2019.

Item 6. Selected Consolidated Financial and Other Data

The selected consolidated statement of operations data for fiscal 2017, 2018 and 2019 and the consolidated balance sheet data as of July 31, 2018 and 2019 are derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected consolidated statement of operations data for fiscal 2016 and fiscal 2015 and the consolidated balance sheet data as of July 31, 2015, 2016 and 2017 were derived from audited financial statements not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected in the future. The selected consolidated financial data below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K and our consolidated financial statements and related notes included in Part II, Item 8 of this Annual Report on Form 10-K.

We adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASC 606"), effective August 1, 2017. For the fiscal years ended July 31, 2016 and 2017, we have recast certain of our financial data, as disclosed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2018. Financial data for the fiscal year ended July 31, 2015 has not been adjusted to reflect the adoption of ASC 606.

	Fiscal Year Ended July 31,				
	2015	2016	2017	2018	2019
	(in thousands, except share and per share data)				
Consolidated Statement of Operations Data:					
Revenue:					
Product	$ 200,833	$ 413,910	$ 673,297	$ 887,989	$ 832,419
Support, entitlements and other services	40,599	89,500	172,606	267,468	403,724
Total revenue	241,432	503,410	845,903	1,155,457	1,236,143
Cost of revenue:					
Product (1)(2)	80,900	133,541	249,393	276,127	143,078
Support, entitlements and other services (1)	20,059	37,246	77,938	109,903	161,050
Total cost of revenue	100,959	170,787	327,331	386,030	304,128
Gross profit	140,473	332,623	518,572	769,427	932,015
Operating expenses:					
Sales and marketing (1)(2)	161,829	286,584	501,021	649,657	909,750
Research and development (1)	73,510	116,400	288,619	313,777	500,719
General and administrative (1)	23,899	34,265	77,341	86,401	119,587
Total operating expenses	259,238	437,249	866,981	1,049,835	1,530,056
Loss from operations	(118,765)	(104,626)	(348,409)	(280,408)	(598,041)
Other expense, net	(5,818)	(1,290)	(26,377)	(9,306)	(15,019)
Loss before provision for income taxes	(124,583)	(105,916)	(374,786)	(289,714)	(613,060)
Provision for income taxes	1,544	2,317	4,852	7,447	8,119
Net loss	$ (126,127)	$ (108,233)	$ (379,638)	$ (297,161)	$ (621,179)
Net loss per share attributable to Class A and Class B common stockholders—basic and diluted	$ (3.11)	$ (2.46)	$ (2.96)	$ (1.81)	$ (3.43)
Weighted average shares used in computing net loss per share attributable to Class A and Class B common stockholders—basic and diluted	40,509,481	43,970,381	128,295,563	164,091,302	181,030,964

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

	Fiscal Year Ended July 31,				
	2015	2016	2017	2018	2019
			(in thousands)		
Cost of revenue:					
Product	$ 363	$ 391	$ 3,066	$ 2,580	$ 3,535
Support, entitlements and other services	718	968	10,411	8,945	15,326
Total cost of revenue	1,081	1,359	13,477	11,525	18,861
Sales and marketing	6,474	8,006	78,117	65,060	107,751
Research and development	5,411	6,259	109,044	74,389	140,519
General and administrative	4,174	4,432	30,853	26,894	39,598
Total stock-based compensation expense	$ 17,140	$ 20,056	$ 231,491	$ 177,868	$ 306,729

During the three months ended October 31, 2016, we recorded approximately $83.0 million of stock-based compensation expense related to performance stock awards, as we determined that the performance conditions (certain liquidity events, including our IPO, and the achievement of specified performance targets) were probable of achievement.

(2) Includes amortization of intangible assets as follows:

	Fiscal Year Ended July 31,				
	2015	2016	2017	2018	2019
			(in thousands)		
Product cost of revenue	$ —	$ —	$ 1,314	$ 5,641	$ 14,248
Sales and marketing	—	—	915	914	2,528
Total amortization of intangible assets	$ —	$ —	$ 2,229	$ 6,555	$ 16,776

	As of July 31,				
	2015	2016	2017	2018	2019
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$ 150,539	$ 185,200	$ 349,053	$ 934,303	$ 908,834
Total assets	$ 249,831	$ 411,715	$ 738,212	$ 1,599,880	$ 1,786,042
Deferred revenue (current and non-current portion)	$ 103,598	$ 218,481	$ 369,056	$ 631,207	$ 910,044
Long-term debt	$ —	$ 73,260	$ —	$ 429,598	$ 458,910
Preferred stock warrant liability	$ 11,683	$ 9,679	$ —	$ —	$ —
Convertible preferred stock	$ 310,379	$ 310,379	$ —	$ —	$ —
Total stockholders' (deficit) equity	$ (234,734)	$ (285,827)	$ 217,063	$ 326,779	$ 186,893

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K. The last day of our fiscal year is July 31. Our fiscal quarters end on October 31, January 31, April 30 and July 31. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this Annual Report on Form 10-K. See also "Special Note Regarding Forward-Looking Statements" above.

Overview

Nutanix, Inc. ("we," "us," "our" or "Nutanix") provides a leading enterprise cloud platform that consists of software solutions that power many of the world's business applications by digitizing the traditional silos of enterprise computing. We seek to provide an enterprise cloud platform that empowers our customers to unify various clouds - private, public, distributed - into one seamless cloud, allowing enterprises to choose the right cloud for each application. Our enterprise cloud platform natively converges compute, virtualization, storage, networking, desktop and security services into one integrated, simple to consume solution, which allows enterprises to simplify the complexities of a multi-cloud environment with automation, cost governance and compliance.

Our enterprise cloud platform can be deployed on a variety of qualified hardware platforms or, in the case of our cloud-based software and software as a service ("SaaS") offerings, via hosted service or delivered pre-installed on an appliance that is configured to order. Non-portable software is delivered or sold alongside configured-to-order appliances with a license term equal to the life of the associated appliance. Our subscription term-based licenses are sold separately, or can be sold alongside configured-to-order appliances. Configured-to-order appliances, including our Nutanix-branded NX hardware line, can be purchased from one of our channel partners, original equipment manufacturers ("OEMs") or directly from Nutanix. Our enterprise cloud platform is typically purchased with one or more years of support and entitlements, which includes the right to software upgrades and enhancements as well as technical support.

Product revenue is generated primarily from the licensing of our solutions. Support, entitlements and other services revenue is primarily derived from the related support and maintenance contracts. Prior to fiscal 2019, we delivered most of our solutions on an appliance, thus our revenue included the revenue associated with the appliance and the included non-portable software, which lasts for the life of the associated appliance. However, starting in fiscal 2018, as a result of our business model transition toward software-only sales, more of our customers began buying appliances directly from our OEMs while separately buying licenses for our software solutions from us or one of our channel partners. In addition, starting in fiscal 2019, as a result of our transition towards a subscription-based business model, more of our customers began purchasing separately sold subscription term-based licenses that could be deployed on a variety of hardware platforms. As we continue our transition to a subscription-based business model, we expect a greater portion of our products to be delivered through subscription term-based licenses or cloud-based SaaS subscriptions.

We had a broad and diverse base of approximately 14,180 end customers as of July 31, 2019, including approximately 810 Global 2000 enterprises. We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments or subsidiaries. Since shipping our first product in fiscal 2012, our end customer base has grown rapidly. The number of end customers grew from approximately 10,610 as of July 31, 2018 to approximately 14,180 as of July 31, 2019.

Our solutions are primarily sold through channel partners, including distributors, resellers and OEMs, and delivered directly to our end customers. Our solutions serve a broad range of workloads, including enterprise applications, databases, virtual desktop infrastructure, unified communications and big data analytics, and we support both virtualized and container-based applications. We have end customers across a broad range of industries, such as automotive, consumer goods, education, energy, financial services, healthcare, manufacturing, media, public sector, retail, technology and telecommunications. We also sell to service providers, who utilize our enterprise cloud platform to provide a variety of cloud-based services to their customers.

We continue to invest heavily in the growth of our business, including the development of our solutions, build-out of our global sales force, projects to increase the demand for our solutions and other sales and marketing initiatives. The number of our full-time employees increased from approximately 4,010 as of July 31, 2018 to approximately 5,340 as of July 31, 2019. We have an engineering team focused on distributed systems and IT infrastructure technologies at our San Jose, California headquarters and at our research and development centers in India, North Carolina, Washington, Serbia and Germany. We have also expanded our international sales and marketing presence by continuing to build out our global teams and continuing to invest in sales and marketing initiatives, such as additional demand generation spending to increase pipeline growth. We intend to continue to invest in our global engineering team to enhance the functionality of our enterprise cloud platform, including our newer subscription-based products, introduce new products and features and build upon our technology leadership, as well as continue to expand our global sales and marketing teams.

Our total revenue was $845.9 million, $1.2 billion and $1.2 billion for fiscal 2017, 2018 and 2019, respectively, representing increases of 36.6% and 7.0% in fiscal 2018 and 2019, as compared to the respective prior year periods. Our software and support revenue was $609.6 million, $898.1 million and $1.1 billion for fiscal 2017, 2018 and 2019, respectively, representing increases of 47.3% and 25.9% in fiscal 2018 and 2019, as compared to the respective prior year periods. Our subscription revenue was $172.5 million, $330.6 million and $648.4 million for fiscal 2017, 2018 and 2019, respectively, representing increases of 91.6% and 96.1% in fiscal 2018 and 2019, as compared to the respective prior year periods.

Our net losses were $379.6 million, $297.2 million and $621.2 million for fiscal 2017, 2018 and 2019, respectively. Net cash provided by operating activities was $14.8 million, $92.5 million and $42.2 million for fiscal 2017, 2018 and 2019, respectively. Free cash flow, which is calculated as net cash provided by operating activities less purchases of property and equipment, was an outflow of $35.4 million for fiscal 2017, an inflow of $30.2 million for fiscal 2018 and an outflow of $76.3 million for fiscal 2019. As of July 31, 2019, we had an accumulated deficit of $1.6 billion.

Key Financial and Performance Metrics

We monitor the following key financial and performance metrics:

	As of and for the Fiscal Year Ended July 31,		
	2017	2018	2019
	(in thousands, except percentages)		
Total revenue	$ 845,903	$ 1,155,457	$ 1,236,143
Year-over-year percentage increase	68.0%	36.6%	7.0%
Subscription revenue	$ 172,530	$ 330,645	$ 648,415
Software and support revenue	$ 609,587	$ 898,143	$ 1,130,822
Total billings	$ 990,467	$ 1,417,484	$ 1,514,660
Subscription billings	$ 311,913	$ 581,923	$ 916,000
Software and support billings	$ 754,151	$ 1,160,170	$ 1,409,339
Gross profit	$ 518,572	$ 769,427	$ 932,015
Adjusted gross profit	$ 533,363	$ 786,593	$ 965,287
Gross margin	61.3%	66.6%	75.4%
Adjusted gross margin	63.1%	68.1%	78.1%
Total deferred revenue	$ 369,056	$ 631,207	$ 910,044
Net cash provided by operating activities	$ 14,779	$ 92,540	$ 42,168
Free cash flow	$ (35,402)	$ 30,168	$ (76,284)
Non-GAAP operating expenses	$ 645,456	$ 883,244	$ 1,239,567
Total end customers	7,050	10,610	14,180

Disaggregation of Revenue and Billings

The following table depicts the disaggregation of revenue and billings by type, consistent with how we evaluate our financial performance:

	Fiscal Year Ended July 31,		
	2017	2018	2019
	(in thousands, except percentages)		
Disaggregation of revenue:			
Subscription revenue	$ 172,530	$ 330,645	$ 648,415
Non-portable software revenue	421,048	543,952	449,131
Hardware revenue	236,316	257,314	105,321
Professional services revenue	16,009	23,546	33,276
Total revenue	$ 845,903	$ 1,155,457	$ 1,236,143
Disaggregation of billings:			
Subscription billings	$ 311,913	$ 581,923	$ 916,000
Non-portable software billings	421,048	543,952	449,131
Hardware billings	236,316	257,314	105,321
Professional services billings	21,190	34,295	44,208
Total billings	$ 990,467	$ 1,417,484	$ 1,514,660

Subscription — Subscription revenue includes any performance obligation which has a defined term, and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based SaaS offerings.

- Ratable — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately $156.6 million, $243.9 million and $376.4 million of our subscription revenue for fiscal 2017, 2018 and 2019, respectively.
- Upfront — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately $15.9 million, $86.7 million and $272.0 million of our subscription revenue for fiscal 2017, 2018 and 2019, respectively. For fiscal 2017, 2018 and 2019, the weighted average term for these subscription term-based licenses was approximately 2.9 years, 3.7 years and 3.8 years, respectively.

Non-portable software — Non-portable software revenue includes sales of our enterprise cloud platform when delivered on a configured-to-order appliance by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and have a term equal to the life of the appliance on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.

Hardware — In transactions where we deliver the hardware appliance, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Professional services — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

Non-GAAP Financial Measures and Key Performance Measures

We regularly monitor total billings, subscription billings, professional services billings, software and support billings, adjusted gross profit, adjusted gross margin, free cash flow and non-GAAP operating expenses, which are non-GAAP financial measures and key performance measures, to help us evaluate our growth and operational efficiencies, measure our performance, identify trends in our sales activity and establish our budgets. We evaluate these measures because they:

- are used by management and the Board of Directors to understand and evaluate our performance and trends, as well as to provide a useful measure for period-to-period comparisons of our core business;
- are widely used as a measure of financial performance to understand and evaluate companies in our industry; and
- are used by management to prepare and approve our annual budget and to develop short-term and long-term operational and compensation plans, as well as to assess our actual performance against our goals.

Total billings, subscription billings, professional services billings and software and support billings are performance measures which management believes provide useful information to investors, as they represent the dollar value under binding purchase orders received and billed during a given period. Free cash flow is a performance measure that provides useful information to management and investors about the amount of cash used in or generated by the business after necessary capital expenditures. Adjusted gross profit, adjusted gross margin and non-GAAP operating expenses are performance measures which management believes provide useful information to investors, as they 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 use these non-GAAP financial and key performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons.

Total billings, subscription billings, professional services billings, software and support billings, adjusted gross profit, adjusted gross margin, free cash flow and non-GAAP operating expenses have limitations as analytical tools and they should not be considered in isolation or as substitutes for analysis of our results as reported under generally accepted accounting principles in the United States. Total billings, subscription billings, professional services billings, software and support billings, adjusted gross profit, adjusted gross margin, free cash flow and non-GAAP operating expenses are not substitutes for total revenue, subscription revenue, professional services revenue, software and support revenue, gross profit, gross margin, cash provided by (used in) operating activities, or GAAP operating expenses, respectively. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures included below and not to rely on any single financial measure to evaluate our business.

We calculate our non-GAAP measures as follows:

Total billings — We calculate total billings by adding the change in deferred revenue, net of acquisitions, between the start and end of the period to total revenue recognized in the same period.

Subscription billings— We calculate subscription billings by adding the change in subscription deferred revenue, net of acquisitions, between the start and end of the period to subscription revenue recognized in the same period.

Professional services billings— We calculate professional services billings by adding the change in professional services deferred revenue, net of acquisitions, between the start and end of the period to professional services revenue recognized in the same period.

Software and support billings— We calculate software and support billings by adding the change in software and support deferred revenue, net of acquisitions, between the start and end of the period to software and support revenue recognized in the same period. Software and support revenue and billings include software and support, entitlements and other services revenue and billings.

Adjusted gross profit and adjusted gross margin — We calculate adjusted gross margin as adjusted gross profit divided by total revenue. We define adjusted gross profit as gross profit adjusted to exclude stock-based compensation expense and the amortization of acquired intangible assets. Our presentation of adjusted gross profit should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of this non-GAAP financial measure.

Free cash flow — We calculate free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment, which measures our ability to generate cash from our business operations after our capital expenditures.

Non-GAAP operating expenses — We define non-GAAP operating expenses as total operating expenses adjusted to exclude stock-based compensation expense, costs associated with business combinations, such as amortization of acquired intangible assets, revaluation of contingent consideration and other acquisition-related costs and costs associated with other non-recurring transactions. Our presentation of non-GAAP operating expenses should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of this non-GAAP financial measure.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The following table presents a reconciliation of total billings, adjusted gross profit, adjusted gross margin, free cash flow and non-GAAP operating expenses to the most directly comparable GAAP financial measures, for each of the periods indicated:

	Fiscal Year Ended July 31,		
	2017	2018	2019
	(in thousands, except percentages)		
Total revenue	$ 845,903	$ 1,155,457	$ 1,236,143
Change in deferred revenue, net of acquisitions (1)	144,564	262,027	278,517
Total billings (non-GAAP)	$ 990,467	$ 1,417,484	$ 1,514,660
Gross profit	$ 518,572	$ 769,427	$ 932,015
Stock-based compensation	13,477	11,525	18,861
Amortization of intangible assets	1,314	5,641	14,248
Other	—	—	163
Adjusted gross profit (non-GAAP)	$ 533,363	$ 786,593	$ 965,287
Gross margin	61.3%	66.6%	75.4%
Stock-based compensation	1.6%	1.0%	1.5%
Amortization of intangible assets	0.2%	0.5%	1.2%
Other	—%	—%	—%
Adjusted gross margin (non-GAAP)	63.1%	68.1%	78.1%
Operating expenses	$ 866,981	$ 1,049,835	$ 1,530,056
Stock-based compensation	(218,014)	(166,343)	(287,868)
Change in fair value of contingent consideration	(1,924)	2,423	832
Amortization of intangible assets	(915)	(914)	(2,528)
Acquisition-related costs	(672)	(1,757)	(721)
Other	—	—	(204)
Operating expenses (non-GAAP)	$ 645,456	$ 883,244	$ 1,239,567
Net cash provided by operating activities	$ 14,779	$ 92,540	$ 42,168
Purchases of property and equipment	(50,181)	(62,372)	(118,452)
Free cash flow (non-GAAP)	$ (35,402)	$ 30,168	$ (76,284)

(1) Excludes deferred revenue assumed in acquisitions of approximately $6.0 million, $0.1 million and $0.3 million for fiscal 2017, 2018 and 2019, respectively.

The following table presents a reconciliation of subscription billings, professional services billings and software and support billings to the most directly comparable GAAP financial measures, for each of the periods indicated:

	Fiscal Year Ended July 31,		
	2017	2018	2019
	(in thousands, except percentages)		
Subscription revenue	$ 172,530	$ 330,645	$ 648,415
Change in subscription deferred revenue, net of acquisitions (2)	139,383	251,278	267,585
Subscription billings	$ 311,913	$ 581,923	$ 916,000
Professional services revenue	$ 16,009	$ 23,546	$ 33,276
Change in professional services deferred revenue	5,181	10,749	10,932
Professional services billings	$ 21,190	$ 34,295	$ 44,208
Software revenue	$ 436,981	$ 630,675	$ 727,098
Hardware revenue	236,316	257,314	105,321
Product revenue	673,297	887,989	832,419
Support, entitlements and other services revenue	172,606	267,468	403,724
Total revenue	$ 845,903	$ 1,155,457	$ 1,236,143
Total software and support revenue (1)	$ 609,587	$ 898,143	$ 1,130,822
Change in software and support deferred revenue, net of acquisitions (2)	144,564	262,027	278,517
Software and support billings (1)	$ 754,151	$ 1,160,170	$ 1,409,339

(1) Software and support revenue and billings include software and support, entitlements and other services revenue and billings.
(2) Excludes deferred revenue assumed in acquisitions of approximately $6.0 million, $0.1 million and $0.3 million for fiscal 2017, 2018 and 2019, respectively.

Factors Affecting Our Performance

We believe that our future success will depend on many factors, including those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. See the section titled "Risk Factors" for details. If we are unable to address these challenges, our business and operating results could be adversely affected.

Investment in Growth

We plan to continue to invest in sales and marketing so that we can capitalize on our market opportunity, including growing our sales and marketing teams, continuing our focus on opportunities with major accounts and large deals, which we define as transactions over $500,000, expanding our focus on opportunities in commercial accounts, as well as other sales and marketing initiatives, such as additional demand generation spending to increase our pipeline growth. We have significantly increased our sales and marketing personnel, which grew by approximately 36% from July 31, 2018 to July 31, 2019. We estimate, based on past experience, that our average sales team members typically become fully ramped up around the start of their fourth quarter of employment with us, and as our newer employees ramp up, we expect their increased productivity to contribute to our revenue growth. As of July 31, 2019, we considered approximately 57% of our global sales team members to be fully ramped, while the remaining approximately 43% of our global sales team members are in the process of ramping up. As we continue to focus some of our new and existing sales team members on major accounts and large deals, and as we continue our transition toward a subscription-based business model, it may take longer, potentially significantly, for these sales team members to become fully productive, and there may also be an impact to the overall productivity of our sales team. We are focused on actively managing these realignments. We intend to continue to grow our global sales and marketing team and continue to invest in sales and marketing initiatives to acquire new end customers and to increase sales to existing end customers.

We also intend to continue to grow our global research and development and engineering teams to enhance our solutions, including our newer subscription-based products, improve integration with new and existing ecosystem partners and broaden the range of technologies and features available through our platform.

We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

Transition to Subscription

Starting in fiscal 2019, as a result of our transition towards a subscription-based business model, more of our customers began purchasing separately sold subscription term-based licenses that could be deployed on a variety of hardware platforms. As we continue our transition to a subscription-based business model, we expect a greater portion of our products to be delivered through subscription term-based licenses or cloud-based SaaS subscriptions. Shifts in the mix of whether our solutions are sold on a subscription basis could result in fluctuations in our billings and revenue. Subscription sales consist of subscription term-based licenses and offerings with ongoing performance obligations, including software entitlement and support subscriptions and cloud-based SaaS offerings. Since revenue is recognized as performance obligations are delivered, sales with ongoing performance obligations may reflect lower revenue in a given period. In addition, other factors relating to our shift to selling more subscription term-based licenses may impact our billings and revenue. For example, our term-based licenses generally have an average term of less than four years and thus result in lower billings and revenue in a given period when compared to our historical life of device license sales, which have a duration equal to the life of the associated appliance, which we estimate to be approximately five years.

Revenue for our solutions, whether or not sold a subscription term-based license, is generally recognized upon transfer of control to the customer. For additional information on revenue recognition, see Note 3 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K and "Critical Accounting Estimates" later in this "Management’s Discussion and Analysis of Financial Condition and Results of Operations" section.

Market Adoption of Our Products

The public cloud and more recently, hybrid cloud paradigms, have changed IT buyer expectations about the simplicity, agility, scalability, portability and pay-as-you-grow economics of IT resources, which represent a major architectural shift and business model evolution. A key focus of our sales and marketing efforts is creating market awareness about the benefits of our enterprise cloud platform, both as compared to traditional datacenter architectures as well as the public cloud, particularly as we continue to pursue large enterprises and mission critical workloads and transition toward a subscription-based business model. The broad nature of the technology shift that our enterprise cloud platform represents, the relationships our end customers have with existing IT vendors and our transition toward a subscription-based consumption model sometimes lead to unpredictable sales cycles, which we hope to compress and stabilize as market adoption increases, as we gain leverage with our channel partners, as we continue to educate the market about our subscription-based business model and as our sales and marketing efforts expand. Our business and operating results will be significantly affected by the degree to and speed with which organizations adopt our enterprise cloud platform.

Leveraging Channel Partners and OEMs

We plan to continue to strengthen and expand our network of channel partners and OEMs to increase sales to both new and existing end customers. We believe that increasing channel leverage, particularly as we expand our focus on opportunities in commercial accounts, by investing aggressively in sales enablement and co-marketing with our partners and OEMs will extend and improve our engagement with a broad set of end customers. Our business and results of operations will be significantly affected by our success in leveraging and expanding our network of channel partners and OEMs.

Customer Retention and Expansion

Our end customers typically deploy our technology for a specific workload initially. After a new end customer's initial order, which includes the product and associated software entitlement and support subscription and services, we focus on expanding our footprint by serving more workloads. We also generate recurring revenue from our software entitlement and support subscription renewals. We view continued purchases and upgrades as critical drivers of our success, as the sales cycles are typically shorter as compared to new end customer deployments, and selling efforts are typically less. As of July 31, 2019, approximately 65% of our end customers who have been with us for 18 months or longer have made a repeat purchase, which is defined as any purchase activity, including renewals of term-based licenses or software entitlement and support subscription renewals, after the initial purchase. Additionally, end customers who have been with us for 18 months or longer have total lifetime orders, including the initial order, in an amount that is more than 4.0x greater, or 4.4x greater excluding the value of hardware purchases, on average, than their initial order. This number increases to approximately 10.4x, or 11.7x excluding hardware, on average, for Global 2000 end customers who have been with us for 18 months or longer as of July 31, 2019. These multiples exclude the effect of one end customer who had a very large and irregular purchase pattern that we believe is not representative of the purchase patterns of all of our other end customers.

Our business and operating results will depend on our ability to retain and sell additional products to our existing and future base of end customers. Our ability to retain existing customers and expand our customer base will in turn depend in part on our ability to effectively maintain existing and future customer relationships, continue to innovate by adding new functionality and improving usability of our solutions in a manner that addresses our end customers' needs and requirements, and optimally price our solutions in light of marketplace conditions, competition, our costs and customer demand. Furthermore, our ongoing transition to a subscription-based business model may cause concerns among our customer base, including concerns regarding changes to pricing over time, and may also result in confusion among new and existing end customers, for example, regarding our pricing models. Such concerns and/or confusion can slow adoption and renewal rates among our current and future customer base. Therefore, as we continue our transition, we may need to enhance our efforts to educate our end customers and as a result incur higher sales and marketing costs.

Components of Our Results of Operations

Revenue

We generate revenue primarily from the sale of our enterprise cloud platform, which can be deployed on a variety of qualified hardware platforms or, in the case of our cloud-based SaaS offerings, via hosted service or delivered pre-installed on an appliance that is configured to order. Non-portable software is delivered or sold alongside configured-to-order appliances with a license term equal to the life of the associated appliance.

Our subscription term-based licenses are sold separately, or can be sold alongside configured-to-order appliances. Our subscription term-based licenses typically have a term of one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years.

Configured-to-order appliances, including our Nutanix-branded NX hardware line, can be purchased from one of our channel partners, OEMs or directly from Nutanix. Our enterprise cloud platform is typically purchased with one or more years of support and entitlements, which includes the right to software upgrades and enhancements as well as technical support. Our platform is primarily sold through channel partners, including distributors, resellers and OEMs.

Product revenue — Product revenue consists of software and hardware revenue. A majority of our product revenue is generated from the sale of our enterprise cloud operating system. We also sell renewals of previously purchased software licenses and SaaS offerings. Revenue from our software products is generally recognized upon transfer of control to the customer, which is typically upon shipment for sales including a hardware appliance, upon making the software available to the customer when not sold with an appliance or as services are performed with SaaS offerings. In transactions where we deliver the hardware appliance, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Support, entitlements and other services revenue — We generate our support, entitlements and other services revenue primarily from software entitlement and support subscriptions, which include the right to software upgrades and enhancements as well as technical support. The majority of our product sales are sold in conjunction with software entitlement and support subscriptions, with terms ranging from one to five years. Occasionally, we also sell professional services with our products. We recognize revenue from software entitlement and support contracts ratably over the contractual service period. The service period typically commences upon transfer of control of the corresponding products to the customer. We recognize revenue related to professional services as they are performed.

Cost of Revenue

Cost of product revenue — Cost of product revenue consists of costs paid to third-party contract manufacturers, hardware costs, personnel costs associated with our operations function, consisting of salaries, benefits, bonuses and stock-based compensation, cloud-based costs associated with our SaaS offerings, and allocated costs, consisting of certain facilities, depreciation and amortization, recruiting and information technology costs allocated based on headcount.

Cost of support, entitlements and other services revenue — Cost of support, entitlements and other services revenue includes personnel and operating costs associated with our global customer support organization, as well as allocated costs. We expect our cost of support, entitlements and other services revenue to increase in absolute dollars as our support, entitlements and other services revenue increases.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development and general and administrative expenses. The largest component of our operating expenses is personnel costs. Personnel costs consist of wages, benefits, bonuses and, with respect to sales and marketing expenses, sales commissions.

Sales and marketing — Sales and marketing expense consists primarily of personnel costs. Sales and marketing expense also includes sales commissions, costs for promotional activities and other marketing costs, travel costs and costs associated with demonstration units, including depreciation and allocated costs. Commissions are deferred and recognized as we recognize the associated revenue. We expect sales and marketing expense to continue to increase in absolute dollars as we increase the size of our global sales and marketing organizations. Sales and marketing expense may fluctuate as a percentage of total revenue.

Research and development — Research and development ("R&D") expense consists primarily of personnel costs, as well as other direct and allocated costs. We have devoted our product development efforts primarily to enhancing the functionality and expanding the capabilities of our solutions. R&D costs are expensed as incurred. We expect R&D expense to increase in absolute dollars as we continue to invest in our future products and services, including our newer subscription-based products, although R&D expense may fluctuate as a percentage of total revenue.

General and administrative — General and administrative ("G&A") expense consists primarily of personnel costs, which include our executive, finance, human resources and legal organizations. G&A expense also includes outside professional services, which consists primarily of legal, accounting and other consulting costs, as well as insurance and other costs associated with being a public company and allocated costs. We expect G&A expense to increase in absolute dollars, particularly due to additional legal, accounting, insurance and other costs associated with our growth, although G&A expense may fluctuate as a percentage of total revenue.

Other Income (Expense), Net

Other income (expense), net consists primarily of interest income and expense, which includes the amortization of the debt discount and issuance costs associated with our 0% Convertible Senior Notes, due in 2023 (the "Notes"), interest income related to our short-term investments and foreign currency exchange gains or losses. During fiscal 2018 and fiscal 2019, we recognized $14.7 million and $29.3 million, respectively, of interest expense related to the amortization of the debt discount and issuance costs associated with the Notes.

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes for certain foreign jurisdictions in which we conduct business and state income taxes in the United States. We have recorded a full valuation allowance related to our federal and state net operating losses and other net deferred tax assets and a partial valuation allowance related to our foreign net deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

Results of Operations

The following tables set forth our consolidated results of operations in dollars and as a percentage of total revenue for the fiscal years presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Revenue:			
Product	$ 673,297	$ 887,989	$ 832,419
Support, entitlements and other services	172,606	267,468	403,724
Total revenue	845,903	1,155,457	1,236,143
Cost of revenue:			
Product (1)(2)	249,393	276,127	143,078
Support, entitlements and other services (1)	77,938	109,903	161,050
Total cost of revenue	327,331	386,030	304,128
Gross profit	518,572	769,427	932,015
Operating expenses:			
Sales and marketing (1)(2)	501,021	649,657	909,750
Research and development (1)	288,619	313,777	500,719
General and administrative (1)	77,341	86,401	119,587
Total operating expenses	866,981	1,049,835	1,530,056
Loss from operations	(348,409)	(280,408)	(598,041)
Other expense, net	(26,377)	(9,306)	(15,019)
Loss before provision for income taxes	(374,786)	(289,714)	(613,060)
Provision for income taxes	4,852	7,447	8,119
Net loss	$ (379,638)	$ (297,161)	$ (621,179)

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

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Cost of revenue:			
Product	$ 3,066	$ 2,580	$ 3,535
Support, entitlements and other services	10,411	8,945	15,326
Total cost of revenue	13,477	11,525	18,861
Sales and marketing	78,117	65,060	107,751
Research and development	109,044	74,389	140,519
General and administrative	30,853	26,894	39,598
Total stock-based compensation expense	$ 231,491	$ 177,868	$ 306,729

(2) Includes amortization of intangible assets as follows:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Product cost of revenue	$ 1,314	$ 5,641	$ 14,248
Sales and marketing	915	914	2,528
Total amortization of intangible assets	$ 2,229	$ 6,555	$ 16,776

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(as a percentage of total revenue)	
Revenue:			
Product	79.6 %	76.9 %	67.3 %
Support, entitlements and other services	20.4 %	23.1 %	32.7 %
Total revenue	100.0 %	100.0 %	100.0 %
Cost of revenue:			
Product	29.5 %	23.9 %	11.6 %
Support, entitlements and other services	9.2 %	9.5 %	13.0 %
Total cost of revenue	38.7 %	33.4 %	24.6 %
Gross profit	61.3 %	66.6 %	75.4 %
Operating expenses:			
Sales and marketing	59.2 %	56.2 %	73.6 %
Research and development	34.1 %	27.2 %	40.5 %
General and administrative	9.2 %	7.5 %	9.7 %
Total operating expenses	102.5 %	90.9 %	123.8 %
Loss from operations	(41.2)%	(24.3)%	(48.4)%
Other expense, net	(3.1)%	(0.8)%	(1.2)%
Loss before provision for income taxes	(44.3)%	(25.1)%	(49.6)%
Provision for income taxes	0.6 %	0.6 %	0.7 %
Net loss	(44.9)%	(25.7)%	(50.3)%

Revenue

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
Product	$ 673,297	$ 887,989	$ 214,692	32%	$ 887,989	$ 832,419	$ (55,570)	(6)%
Support, entitlements and other services	172,606	267,468	94,862	55%	267,468	403,724	136,256	51 %
Total revenue	$ 845,903	$1,155,457	$ 309,554	37%	$1,155,457	$1,236,143	$ 80,686	7 %

Total revenue by bill-to-location was as follows:

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
U.S.	$ 488,079	$ 648,805	$ 160,726	33%	$ 648,805	$ 682,340	$ 33,535	5%
Asia Pacific	186,864	240,247	53,383	29%	240,247	271,712	31,465	13%
Europe, the Middle East and Africa	138,815	224,392	85,577	62%	224,392	238,356	13,964	6%
Other Americas	32,145	42,013	9,868	31%	42,013	43,735	1,722	4%
Total revenue	$ 845,903	$1,155,457	$ 309,554	37%	$1,155,457	$1,236,143	$ 80,686	7%

Product revenue increased year-over-year for fiscal 2018 due primarily to increased domestic and international demand for our solutions through penetration and expansion in global markets through increased sales and marketing activities. Our product revenue during fiscal 2018 was also impacted by the reduction of hardware revenue from transactions where the hardware was not sold by us.

Product revenue decreased year-over-year for fiscal 2019 due primarily to the reduction of hardware revenue from transactions where the hardware was not sold by us. In addition, our product revenue has been impacted by our continued transition to selling subscription term-based licenses, as these licenses generally have an average term of less than four years, while those with a duration equal to the life of the associated appliance have an estimated life of approximately five years. We continue to focus on more software-only transactions and therefore anticipate selling less hardware in future periods.

Support, entitlements and other services revenue increased year-over-year for both fiscal 2018 and fiscal 2019 in conjunction with the growth of our end customer base and the related software entitlement and support subscriptions. Our total end customer count increased from approximately 7,050 as of July 31, 2017 to approximately 10,610 as of July 31, 2018 and to approximately 14,180 as of July 31, 2019.

Cost of Revenue and Gross Margin

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
Cost of product revenue	$ 249,393	$ 276,127	$ 26,734	11%	$ 276,127	$ 143,078	$ (133,049)	(48)%
Product gross margin	*63.0%*	*68.9%*			*68.9%*	*82.8%*		
Cost of support, entitlements and other services revenue	$ 77,938	$ 109,903	$ 31,965	41%	$ 109,903	$ 161,050	$ 51,147	47 %
Support, entitlements and other services gross margin	*54.8%*	*58.9%*			*58.9%*	*60.1%*		
Total gross margin	*61.3%*	*66.6%*			*66.6%*	*75.4%*		

Cost of product revenue

The year-over-year fluctuations in cost of product revenue are in line with the corresponding fluctuations in hardware revenue. For fiscal 2018, as compared to the respective prior year period, cost of product revenue was impacted by increases in the cost of certain of our hardware components, specifically DRAM and NAND, due to supply constraints. The total cost of our DRAM and NAND components represented approximately 22% and 30% of cost of product revenue for the fiscal years ended July 31, 2017 and 2018, respectively. DRAM and NAND component prices increased by approximately 51% for fiscal 2018, as compared to the prior year period. For fiscal 2019, as compared to the respective prior year period, the decrease in cost of product revenue was due primarily to our continued focus on software-only transactions, which have a higher margin as compared to hardware sales.

Product gross margin increased by 5.9 percentage points, from 63.0% in fiscal 2017 to 68.9% in fiscal 2018, and by 13.9 percentage points, to 82.8% in fiscal 2019, due primarily to the higher mix of software revenue, as we continue to focus on more software-only transactions.

Cost of support, entitlements and other services revenue

Cost of support, entitlements and other services revenue increased year-over-year for both fiscal 2018 and fiscal 2019 due primarily to higher personnel-related costs relating to the expansion of our global customer support organization. The increases in personnel-related costs were due primarily to increases in our customer support, entitlements and other services headcount of 56% from July 31, 2017 to July 31, 2018 and 40% from July 31, 2018 to July 31, 2019.

Support, entitlements and other services gross margin increased by 4.1 percentage points, from 54.8% in fiscal 2017 to 58.9% in fiscal 2018, and by 1.2 percentage points to 60.1% in fiscal 2019, due primarily to efficiencies gained in our support organization and personnel-related costs growing at a slower rate than support, entitlements and other services revenue, as well as the ramp up for new products, specifically cloud services.

Operating Expenses

Sales and marketing

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
Sales and marketing	$ 501,021	$ 649,657	$ 148,636	30%	$ 649,657	$ 909,750	$ 260,093	40%
Percent of total revenue	*59.2%*	*56.2%*			*56.2%*	*73.6%*		

Sales and marketing expense increased year-over-year both for fiscal 2018 and fiscal 2019 due primarily to higher personnel-related costs and sales commissions, as our sales and marketing headcount increased year-over-year by 42% in fiscal 2018 and 36% in fiscal 2019. Additionally, as part of our continued efforts to penetrate and expand in global markets and increase our pipeline growth through additional demand generation, we continue to increase our sales and marketing activities related to brand awareness, promotions, trade shows and partner programs. We expect sales and marketing expense to increase as we continue to grow.

Research and development

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
Research and development	$ 288,619	$ 313,777	$ 25,158	9%	$ 313,777	$ 500,719	$ 186,942	60%
Percent of total revenue	*34.1%*	*27.2%*			*27.2%*	*40.5%*		

Research and development expense increased year-over-year both for fiscal 2018 and fiscal 2019 due primarily to higher personnel-related costs, as our R&D headcount increased year-over-year by 42% in fiscal 2018 and 27% in fiscal 2019 in an effort to continue the expansion of our product development activities, including new products. This increase includes additional headcount and stock-based compensation expense related to employees who joined the Company through acquisitions.

General and administrative

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
General and administrative	$ 77,341	$ 86,401	$ 9,060	12%	$ 86,401	$ 119,587	$ 33,186	38%
Percent of total revenue	*9.2%*	*7.5%*			*7.5%*	*9.7%*		

General and administrative expense increased year-over-year both for fiscal 2018 and fiscal 2019 due primarily to higher personnel-related costs, as our G&A headcount increased year-over-year by 29% in fiscal 2018 and 30% in fiscal 2019 in order to support our growing business.

Other Expense, Net

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
Other expense, net	$ (26,377)	$ (9,306)	$ (17,071)	(65)%	$ (9,306)	$ (15,019)	$ 5,713	61%

The fluctuations in other expense, net for fiscal 2018 and fiscal 2019 were primarily related to the amortization of the debt discount and issuance costs for the Notes, as the Notes were issued during the second quarter of fiscal 2018, as well as interest earned on short-term investments. The decrease in other expense, net for fiscal 2018 was also due to $23.1 million of expense in fiscal 2017 related to changes in the fair value of our convertible preferred stock warrant liability.

Provision for Income Taxes

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2017	2018	$	%	2018	2019	$	%
	(in thousands, except percentages)							
Provision for income taxes	$ 4,852	$ 7,447	$ 2,595	53%	$ 7,447	$ 8,119	$ 672	9%

The year-over-year increase in the provision for income taxes in fiscal 2018 was due primarily to the alternative minimum tax related to the migration of certain intangible assets and foreign taxes as a result of higher taxable earnings in foreign jurisdictions, as we continued our global expansion. The increase was partially offset by a $3.9 million partial release of the U.S. valuation allowance related to acquisitions completed during fiscal 2018.

The year-over-year increase in the provision for income taxes in fiscal 2019 was due primarily to higher foreign taxes as a result of higher taxable earnings in foreign jurisdictions, as we continued our global expansion, partially offset by a $5.8 million partial release of the U.S. valuation allowance related to an acquisition completed during fiscal 2019 and a tax benefit related to the change in tax law. We continue to maintain a full valuation allowance on our U.S. federal and state deferred tax assets and a partial valuation allowance related to our foreign net deferred tax assets.

In December 2017, the U.S. Congress passed and the President signed the Tax Cuts and Jobs Act ("TCJA"), which includes a broad range of tax reform proposals affecting businesses. For additional details, refer to Note 11 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Liquidity and Capital Resources

As of July 31, 2019, we had $396.7 million of cash and cash equivalents, $2.8 million of restricted cash and $512.2 million of short-term investments, which were held for general corporate purposes. Our cash, cash equivalents and short-term investments primarily consist of bank deposits, money market accounts and highly rated debt instruments of the U.S. government and its agencies and debt instruments of highly rated corporations. We do not anticipate that we will need funds generated from foreign operations to fund our domestic operations.

In January 2018, we issued Convertible Senior Notes with a 0% interest rate for an aggregate principal amount of $575.0 million. There are no required principal payments prior to the maturity of the Notes. For additional information, see Note 6 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

We believe that our cash and cash equivalents and short-term investments will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product and service offerings and the continuing market acceptance of our products. In the event that additional financing is required from outside sources, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Net cash provided by operating activities	$ 14,779	$ 92,540	$ 42,168
Net cash used in investing activities	(176,094)	(503,555)	(16,850)
Net cash provided by financing activities	201,422	578,616	67,104
Net increase in cash, cash equivalents and restricted cash	$ 40,107	$ 167,601	$ 92,422

We retrospectively adopted Accounting Standards Update ("ASU") 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents, effective August 1, 2018. Our statement of cash flows for the fiscal year ended July 31, 2018 has been adjusted to conform to the new standard. See Note 1 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on this new standard.

Cash Flows from Operating Activities

Net cash generated from operating activities was $14.8 million, $92.5 million and $42.2 million for fiscal 2017, 2018 and 2019, respectively, representing increases of $11.0 million and $77.8 million and a decrease of $50.4 million, respectively, as compared to the prior year periods. The generation of cash during each fiscal year was due primarily to higher billings and collections, partially offset by higher operating expenses as we continue to invest in the long-term growth of our business.

Cash Flows from Investing Activities

Net cash used in investing activities of $176.1 million for fiscal 2017 primarily consisted of $242.5 million of short-term investment purchases, using a significant portion of the proceeds from our initial public offering ("IPO"), and $50.2 million of purchases of property and equipment, partially offset by $84.2 million of maturities of short-term investments and $32.6 million of sales of short-term investments.

Net cash used in investing activities of $503.6 million for fiscal 2018 primarily consisted of $716.4 million of short-term investment purchases, using a significant portion of the proceeds from the Notes, $62.4 million of purchases of property and equipment and $22.2 million of net payments for business combinations, partially offset by $297.5 million of maturities of short-term investments.

Net cash used in investing activities of $16.9 million for fiscal 2019 primarily consisted of $468.1 million of short-term investment purchases, $118.5 million of purchases of property and equipment and $19.0 million of net payments for business combinations, partially offset by $588.8 million of maturities of short-term investments.

Cash Flows from Financing Activities

Net cash provided by financing activities of $201.4 million for fiscal 2017 primarily consisted of net IPO proceeds of $254.5 million, after deducting underwriting discounts and commissions, and $32.3 million of net proceeds from sales of shares through employee equity incentive plans, partially offset by the $76.6 million of repayment of senior notes in September 2016, including debt extinguishment costs, a $7.1 million debt payment in conjunction with a business combination and $1.7 million in payments for IPO costs.

Net cash provided by financing activities of $578.6 million for fiscal 2018 primarily consisted of $563.6 million of net proceeds from the Notes, after deducting the initial purchasers' discount and debt issuance costs, $88.0 million of proceeds from the sale of the warrants in connection with the Notes and $72.0 million of net proceeds from sales of shares through employee equity incentive plans, partially offset by $143.2 million of cash used to purchase bond hedges in connection with the Notes and a $1.7 million debt payment in conjunction with a business combination.

Net cash provided by financing activities of $67.1 million for fiscal 2019 primarily consisted of $69.2 million of net proceeds from sales of shares through employee equity incentive plans, partially offset by a $1.0 million acquisition-related contingent consideration payment and a $1.0 million debt payment in conjunction with a business combination.

Contractual Obligations

The following table summarizes our contractual obligations as of July 31, 2019:

	Payments Due by Period				
	Total	Less than 1 Year	1 Year to 3 Years	3 to 5 Years	More than 5 Years
			(in thousands)		
Principal amount payable on convertible senior notes (1)	$ 575,000	$ —	$ —	$ 575,000	$ —
Operating lease obligations	197,227	39,540	83,241	70,935	3,511
Other commitments (2)	64,808	62,827	1,981	—	—
Guarantees with contract manufacturers and OEMs	144,929	72,054	72,875	—	—
Total	$ 981,964	$ 174,421	$ 158,097	$ 645,935	$ 3,511

(1) For additional information regarding our convertible senior notes, refer to Note 6 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.
(2) Purchase obligations and other commitments pertaining to our normal operations.

As of July 31, 2019, payments related to our above outstanding non-cancelable lease obligations will be made through fiscal 2026.

From time to time in the normal course of business, we make commitments with our contract manufacturers and OEMs to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on revenue targets or on-hand inventory and non-cancelable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material.

As of July 31, 2019, we had $15.8 million of accrued liabilities related to uncertain tax positions, which are reflected on our consolidated balance sheet. These accrued liabilities are not reflected in the contractual obligations disclosed in the table above, as it is uncertain if or when such amounts will ultimately be settled. Uncertain tax positions are further discussed in Note 11 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

As of July 31, 2019, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the applicable periods. We evaluate our estimates, assumptions and judgments on an ongoing basis. Our estimates, assumptions and judgments are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported.

The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

Some of our contracts with customers contain multiple performance obligations. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. For deliverables that we routinely sell separately, such as software entitlement and support subscriptions on our core offerings, we determine SSP by evaluating the standalone sales over the trailing 12 months. For those that are not sold routinely, we determine SSP based on our overall pricing trends and objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold and geographic locations.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative SSP. We determine SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, we estimate the SSP, taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations. Refer to Note 1 and Note 3 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on revenue recognition.

Income Taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We recognize uncertain tax positions only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Judgment is required in assessing the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our consolidated financial statements.

The TCJA significantly changed existing U.S. tax law and included and continues to include numerous provisions that affect our business. Refer to Note 11 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.

Stock-Based Compensation

We measure and recognize compensation expense for all stock-based awards, including stock options and purchase rights issued to employees under our 2016 Employee Stock Purchase Plan ("2016 ESPP"), based on the estimated fair value of the awards on the grant date. We use the Black-Scholes-Merton ("Black-Scholes") option pricing model to estimate the fair value of stock options and 2016 ESPP purchase rights. The fair value of restricted stock units ("RSUs"), is measured using the fair value of our common stock on the date of the grant. The fair value of stock options and RSUs is recognized as expense on a straight-line basis over the requisite service period, which is generally four years. For stock-based awards granted to employees with a performance condition, we recognize stock-based compensation expense using the accelerated attribution method over the requisite service period when management determines it is probable that the performance condition will be satisfied. The fair value of the 2016 ESPP purchase rights is recognized as expense on a straight-line basis over the offering period. We account for forfeitures of all share-based awards when they occur.

Our use of the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, expected term of the option, expected volatility of the price of our common stock, risk-free interest rates and the expected dividend yield of our common stock. The assumptions used in our option pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

Business Combinations

We account for our acquisitions using the acquisition method. Goodwill is measured at the acquisition date as the excess of the purchase price over the fair value of the assets acquired and liabilities assumed. Significant estimates and assumptions are made by management to value such assets and liabilities. Although we believe that those estimates and assumptions are reasonable and appropriate, they are inherently uncertain and subject to refinement. Additional information related to the acquisition date fair value of acquired assets and assumed liabilities obtained during the measurement period, not to exceed one year, may result in changes to the recorded values of such assets and liabilities, resulting in an offsetting adjustment to the goodwill associated with the business acquired.

Uncertain tax positions and tax-related valuation allowances are initially established in connection with a business combination as of the acquisition date. We continue to collect information and reevaluate these estimates and assumptions quarterly. We will record any adjustments to our preliminary estimates to goodwill, provided that we are within the one-year measurement period.

Any contingent consideration payable is recognized at fair value at the acquisition date. Liability-classified contingent consideration is remeasured each reporting period, with changes in fair value recognized in earnings until the contingent consideration is settled.

Goodwill, Intangible Assets and Impairment Assessment

Goodwill represents the excess of the purchase price over the fair value of the assets acquired and liabilities assumed, if any, in a business combination, and is allocated to our single reporting unit. We review our goodwill and other intangible assets determined to have an indefinite useful life for impairment at least annually, during the fourth quarter, or more frequently whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Goodwill is tested for impairment by comparing the reporting unit's carrying value, including goodwill, to the fair value of the reporting unit. We operate under one reporting unit and for our annual goodwill impairment test, we determine the fair value of our reporting unit based on our enterprise value. We may elect to utilize a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying value. If, after assessing the qualitative factors, we determine that it is more likely than not that the fair value of our reporting unit is less than its carrying value, an impairment analysis will be performed. We will compare the fair value of our reporting unit with its carrying amount and if the carrying value of the reporting unit exceeds its fair value, an impairment loss will be recognized.

Assessing whether impairment indicators exist or if events or changes in circumstances have occurred, including market conditions, operating fundamentals, competition and general economic conditions, requires significant judgment. Additionally, changes in the technology industry occur frequently and quickly. Therefore, there can be no assurance that a charge to operating expenses will not occur as a result of future goodwill, intangible assets and other long-lived assets impairment tests. To date, we have not recorded any impairment charges related to our goodwill and intangible assets.

Legal and Other Contingencies

The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued, we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our consolidated financial statements.

Recent Accounting Pronouncements

Refer to "Recent Accounting Pronouncements" in Note 1 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and internationally and we are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates.

Foreign Currency Risk

Our consolidated results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Historically, our revenue contracts have been denominated in U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments. In the event our foreign sales and expenses increase, our operating results may be more significantly affected by foreign currency exchange rate fluctuations, which can affect our operating income or loss. The effect of a hypothetical 10% change in foreign currency exchange rates on our non-U.S. dollar monetary assets and liabilities would not have had a material impact on our historical consolidated financial statements. Foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our consolidated financial statements.

A hypothetical 10% decrease in the U.S. dollar against other currencies would result in an increase in our operating loss of approximately $19.3 million, $31.2 million and $38.4 million for fiscal 2017, 2018 and 2019, respectively. The increase in this hypothetical change is due to an increase in our expenses denominated in foreign currencies due to of our continued global expansion. This analysis disregards the possibilities that rates can move in opposite directions and that losses from one geographic area may be offset by gains from another geographic area.

Interest Rate Risk

Our investment objective is to conserve capital and maintain liquidity to support our operations; therefore, we generally invest in highly liquid securities, consisting primarily of bank deposits, money market funds, commercial paper, U.S. government securities and corporate bonds. Such fixed and floating interest-earning instruments carry a degree of interest rate risk. The fair market value of fixed income securities may be adversely impacted by a rise in interest rates, while floating rate securities may produce less income than predicted if interest rates fall. Due to the short-term nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. Therefore, we do not expect our operating results or cash flows to be materially affected by a sudden change in interest rates.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Stockholders of Nutanix, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Nutanix, Inc. and subsidiaries (the "Company") as of July 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows, for each of the three years in the period ended July 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of July 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of July 31, 2019, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 24, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Developed Technology from Mainframe2, Inc. Acquisition — Refer to Note 2 to the financial statements

Critical Audit Matter Description

On August 24, 2018, the Company completed the acquisition of Mainframe2, Inc. ("Frame"). The Company accounted for this acquisition under the acquisition method of accounting for business combinations. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values, including developed technology of $31.8 million related to Frame's cloud-based Windows desktop and application delivery service. The determination of the fair value of the developed technology required management to make significant estimates and assumptions related to forecasted revenue growth, cost of sales, and operating expenses as well as the discount rate. To estimate the fair value of the developed technology, management was required to make significant estimates and assumptions related to the forecasted information.

We identified valuation of the developed technology as a critical audit matter because of the significant judgments made by management to estimate its fair value especially considering the technology is recently developed with limited historical sales information. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to forecasted revenue growth, costs of sales, and operating expenses, as well as the selection of the discount rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to forecasted revenue growth, cost of sales, and operating expenses, as well as the selection of the discount rate for Frame's developed technology included the following, among others:

- We tested the effectiveness of controls over the fair value of developed technology, including managements forecast and operating plan review control over the forecasted revenue growth, cost of sales, and operating expenses. We further tested management's control over the valuation report, including key inputs such as forecasts and the discount rate.
- With the assistance of our fair value specialists, we evaluated the valuation methodologies and valuation assumptions used by management to develop fair value estimates for developed technology, including:
    - Testing the mathematical accuracy of the calculation.
    - Developing a range of independent discount rate estimates and comparing those to the discount rate selected by management.
    - Assessing the source information underlying the Company's determination of the discount rate.
    - Evaluating whether the fair value model being used is appropriate considering the Company's circumstances and valuation premise identified.
- We performed a comparison of management's forecasted revenue growth, cost of sales, and operating expenses against various other sources, including:
    - Historical performance of Frame.
    - Industry data and analyst reports.
    - Internal communications to management and the Board of Directors.
    - Forecasted information as well as analyst and industry reports for the Company and certain of its peer companies.

Revenue Recognition — Refer to Notes 1 and 3 to the financial statements

Critical Audit Matter Description

The Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company offers customers an enterprise cloud platform, which can be pre-installed on hardware or delivered separately, as well as related support subscriptions and professional services. Product revenue was $832.4 million and support, entitlements, and other services was $403.7 million for the year ended July 31, 2019.

Significant judgment is exercised by the Company in determining revenue recognition for the Company's customer contracts, and includes the following:

- Determination of whether promised goods or services, such as hardware and software licenses, are capable of being distinct and are distinct in the context of the Company's customer contracts which leads to whether they should be accounted for as individual or combined performance obligations.
- Determination of standalone selling prices for each distinct performance obligation and for products and services that are not sold separately.
- Determination of the timing of when revenue is recognized for each distinct performance obligation either over time or at a point in time.

We identified revenue recognition as a critical audit matter because of these significant judgments required by management. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate whether revenue was recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's revenue recognition for the Company's customer contracts included the following, among others:

- We tested the effectiveness of controls related to the identification of distinct performance obligations, determination of the standalone selling prices, and the determination of the timing of revenue recognition.
- We evaluated management's significant accounting policies related to revenue recognition for reasonableness.
- We selected a sample of recorded revenue transactions and performed the following procedures:
    - Obtaining and reading customer source documents and the contract for each selection, including master agreements and related amendments to evaluate if relevant contractual terms have been appropriately considered by management.
    - Evaluating management's application of their accounting policy and tested revenue recognition for specific performance obligations by comparing management's conclusions to the underlying master agreement and any related amendments.
    - Testing the mathematical accuracy of management's calculations of revenue and the associated timing of revenue recognized in the financial statements.
- For a selection of arrangements with original equipment manufacturers ("OEMs"), we confirmed accounts receivable and total billings as of and for the year ended July 31, 2019, respectively, directly with the OEM. In addition, we confirmed a sample of individual revenue orders for the year ended July 31, 2019, to evaluate the accuracy of management's records.
- We evaluated the reasonableness of management's estimate of standalone selling prices for products and services that are not sold separately by performing the following:
    - Assessing the appropriateness of the Company's methodology and mathematical accuracy of the determined standalone selling prices.
    - Testing the completeness and accuracy of the source data utilized in management's calculations.

/s/ *DELOITTE & TOUCHE LLP*
San Jose, California
September 24, 2019

We have served as the Company's auditor since 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Stockholders of Nutanix, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Nutanix, Inc. and subsidiaries (the "Company") as of July 31, 2019, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2019, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended July 31, 2019, of the Company and our report dated September 24, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ *DELOITTE & TOUCHE LLP*
San Jose, California
September 24, 2019

NUTANIX, INC.

CONSOLIDATED BALANCE SHEETS

	As of July 31,	
	2018	2019
	(in thousands, except share and per share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 305,975	$ 396,678
Short-term investments	628,328	512,156
Accounts receivable, net of allowance of $815 and $379 as of July 31, 2018 and 2019	258,289	245,475
Deferred commissions—current	33,691	46,238
Prepaid expenses and other current assets	36,818	74,665
Total current assets	1,263,101	1,275,212
Property and equipment, net	85,111	136,962
Deferred commissions—non-current	80,688	107,474
Intangible assets, net	45,366	66,773
Goodwill	87,759	185,180
Other assets—non-current	37,855	14,441
Total assets	$ 1,599,880	$ 1,786,042
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 65,503	$ 74,047
Accrued compensation and benefits	85,398	99,804
Accrued expenses and other current liabilities	31,682	28,797
Deferred revenue—current	275,648	396,667
Total current liabilities	458,231	599,315
Deferred revenue—non-current	355,559	513,377
Convertible senior notes, net	429,598	458,910
Other liabilities—non-current	29,713	27,547
Total liabilities	1,273,101	1,599,149
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, par value of $0.000025 per share— 200,000,000 shares authorized as of July 31, 2018 and 2019; no shares issued and outstanding as of July 31, 2018 and 2019	—	—
Common stock, par value of $0.000025 per share— 1,200,000,000 (1,000,000,000 Class A, 200,000,000 Class B) shares authorized as of July 31, 2018 and 2019; 172,858,082 (135,109,672 Class A, 37,748,410 Class B) and 188,595,314 (168,155,308 Class A, 20,440,006 Class B) shares issued and outstanding as of July 31, 2018 and 2019	4	5
Additional paid-in capital	1,355,907	1,835,528
Accumulated other comprehensive (loss) income	(1,002)	669
Accumulated deficit	(1,028,130)	(1,649,309)
Total stockholders' equity	326,779	186,893
Total liabilities and stockholders' equity	$ 1,599,880	$ 1,786,042

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended July 31,		
	2017	2018	2019
	(in thousands, except share and per share data)		
Revenue:			
Product	$ 673,297	$ 887,989	$ 832,419
Support, entitlements and other services	172,606	267,468	403,724
Total revenue	845,903	1,155,457	1,236,143
Cost of revenue:			
Product	249,393	276,127	143,078
Support, entitlements and other services	77,938	109,903	161,050
Total cost of revenue	327,331	386,030	304,128
Gross profit	518,572	769,427	932,015
Operating expenses:			
Sales and marketing	501,021	649,657	909,750
Research and development	288,619	313,777	500,719
General and administrative	77,341	86,401	119,587
Total operating expenses	866,981	1,049,835	1,530,056
Loss from operations	(348,409)	(280,408)	(598,041)
Other expense, net	(26,377)	(9,306)	(15,019)
Loss before provision for income taxes	(374,786)	(289,714)	(613,060)
Provision for income taxes	4,852	7,447	8,119
Net loss	$ (379,638)	$ (297,161)	$ (621,179)
Net loss per share attributable to Class A and Class B common stockholders—basic and diluted	$ (2.96)	$ (1.81)	$ (3.43)
Weighted average shares used in computing net loss per share attributable to Class A and Class B common stockholders—basic and diluted	128,295,563	164,091,302	181,030,964

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Net loss	$ (379,638)	$ (297,161)	$ (621,179)
Other comprehensive (loss) income, net of tax:			
Change in unrealized (loss) gain on available-for-sale securities, net of tax	(94)	(896)	1,671
Comprehensive loss	$ (379,732)	$ (298,057)	$ (619,508)

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount				
	(in thousands, except share data)							
Balance - July 31, 2016	76,319,511	$ 310,379	46,083,651	$ 1	$ 65,629	$ (12)	$ (351,445)	$ (285,827)
Conversion of convertible preferred stock to common stock upon IPO	(76,319,511)	(310,379)	76,319,511	2	310,377	—	—	310,379
Issuance of class A common stock upon IPO, net of issuance costs	—	—	17,100,500	1	249,169	—	—	249,170
Reclassification of convertible preferred stock warrant liability to APIC upon IPO	—	—	—	—	30,812	—	—	30,812
Issuance of common stock upon exercise of common stock warrants	—	—	775,554	—	77	—	—	77
Stock-based compensation	—	—	—	—	231,491	—	—	231,491
Issuance of common stock through employee equity incentive plans, net of repurchases	—	—	10,871,714	—	14,956	—	—	14,956
Issuance of common stock from ESPP purchase	—	—	1,246,054	—	16,946	—	—	16,946
Issuance of common stock in connection with business combinations	—	—	2,239,536	—	27,063	—		27,063
Vesting of early exercised stock options	—	—	—	—	1,614	—	—	1,614
Cumulative effect adjustment from adoption of ASU 2016-09	—	—	—	—	—	—	114	114
Other comprehensive loss	—	—	—	—	—	(94)		(94)
Net loss	—	—	—	—	—	—	(379,638)	(379,638)
Balance - July 31, 2017	—	—	154,636,520	4	948,134	(106)	(730,969)	217,063
Issuance of common stock through employee equity incentive plans, net of repurchases	—	—	14,492,922	—	33,037	—	—	33,037
Issuance of common stock from ESPP purchase	—	—	2,417,850	—	39,009	—	—	39,009
Issuance of common stock in connection with business combinations	—	—	1,310,790	—	63,780	—	—	63,780
Vesting of early exercised stock options	—	—	—	—	681	—	—	681
Stock-based compensation	—	—	—	—	177,868	—	—	177,868
Equity component of convertible senior notes, net	—	—	—	—	148,598	—	—	148,598
Purchase of bond hedges related to the convertible senior notes	—	—	—	—	(143,175)	—	—	(143,175)
Sale of warrants related to the convertible senior notes	—	—	—	—	87,975	—	—	87,975
Other comprehensive loss	—	—	—	—	—	(896)	—	(896)
Net loss	—	—	—	—	—	—	(297,161)	(297,161)
Balance - July 31, 2018	—	—	172,858,082	4	1,355,907	(1,002)	(1,028,130)	326,779
Issuance of common stock through employee equity incentive plans	—	—	11,272,083	—	12,187	—	—	12,187
Issuance of common stock from ESPP purchase	—	—	2,008,082	1	57,217	—	—	57,218
Issuance of common stock in connection with a business combination	—	—	2,457,067	—	103,305	—	—	103,305
Stock-based compensation	—	—	—	—	306,729	—	—	306,729
Vesting of early exercised stock options	—	—	—	—	183	—	—	183
Other comprehensive income	—	—	—	—	—	1,671	—	1,671
Net loss	—	—	—	—	—	—	(621,179)	(621,179)
Balance - July 31, 2019	—	$ —	188,595,314	$ 5	$ 1,835,528	$ 669	$ (1,649,309)	$ 186,893

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Cash flows from operating activities:			
Net loss	$ (379,638)	$ (297,161)	$ (621,179)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	38,399	50,302	77,612
Stock-based compensation	231,491	177,868	306,729
Amortization of debt discount and issuance cost	—	14,685	29,313
Change in fair value of contingent consideration	1,924	(2,423)	(832)
Change in fair value of convertible preferred stock warrant liability	21,133	—	—
Loss on debt extinguishment	3,320	—	—
Other	764	(962)	(2,786)
Changes in operating assets and liabilities:			
Accounts receivable, net	(67,382)	(79,273)	15,704
Deferred commissions	(24,006)	(40,852)	(39,333)
Prepaid expenses and other assets [(1)]	(14,873)	(37,374)	(12,037)
Accounts payable	21,280	(16,469)	13,508
Accrued compensation and benefits	32,687	27,877	14,406
Accrued expenses and other liabilities	5,116	34,295	(17,454)
Deferred revenue	144,564	262,027	278,517
Net cash provided by operating activities [(1)]	14,779	92,540	42,168
Cash flows from investing activities:			
Purchases of investments	(242,525)	(716,417)	(468,144)
Maturities of investments	84,156	297,461	588,763
Sales of investments	32,640	—	—
Purchases of property and equipment	(50,181)	(62,372)	(118,452)
Payments for business combinations, net of cash acquired	(184)	(22,227)	(19,017)
Net cash used in investing activities	(176,094)	(503,555)	(16,850)
Cash flows from financing activities:			
Proceeds from sales of shares through employee equity incentive plans, net of repurchases	32,254	72,010	69,210
Payment of contingent consideration associated with a business acquisition	—	—	(1,040)
Payment of debt in conjunction with business combinations	(7,124)	(1,696)	(991)
Proceeds from issuance of convertible senior notes, net	—	563,587	(75)
Payments for convertible note hedges	—	(143,175)	—
Proceeds from issuance of warrants	—	87,975	—
Payments of offering costs	(1,717)	(85)	—
Proceeds from initial public offering, net of underwriting discounts and commissions	254,455	—	—
Repayment of senior notes	(75,000)	—	—
Debt extinguishment costs	(1,580)	—	—
Other	134	—	—
Net cash provided by financing activities	201,422	578,616	67,104
Net increase in cash, cash equivalents and restricted cash [(1)]	$ 40,107	$ 167,601	$ 92,422
Cash, cash equivalents and restricted cash—beginning of period [(1)]	99,390	139,497	307,098
Cash, cash equivalents and restricted cash—end of period [(1)]	$ 139,497	$ 307,098	$ 399,520

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Restricted cash [1][2]	1,138	1,123	2,842
Cash and cash equivalents—end of period	$ 138,359	$ 305,975	$ 396,678
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	$ 5,213	$ 10,116	$ 28,999
Cash paid for interest	$ 1,271	$ —	$ —
Supplemental disclosures of non-cash investing and financing information:			
Issuance of common stock for business combinations	$ 27,063	$ 63,780	$ 103,305
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 5,591	$ 13,444	$ 8,074
Vesting of early exercised stock options	$ 1,614	$ 681	$ 183
Offering costs included in accounts payable	$ 85	$ —	$ —
Conversion of convertible preferred stock to common stock, net of issuance costs	$ 310,379	$ —	$ —
Reclassification of convertible preferred stock warrant liability to additional paid-in capital	$ 30,812	$ —	$ —

(1) During the first quarter of fiscal 2019, we adopted Accounting Standards Update ("ASU") No. 2016-18, which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents and restricted cash. We adopted the standard retrospectively for the prior period presented. Our adoption of ASU 2016-18 did not have any significant impact on our consolidated statements of cash flows.

(2) Included within other assets—non-current in the consolidated balance sheets.

See the accompanying notes to the consolidated financial statements.

NOTE 1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business

Nutanix, Inc. was incorporated in the state of Delaware in September 2009. Nutanix, Inc. is headquartered in San Jose, California and together with its wholly-owned subsidiaries (collectively, "we," "us," "our" or "Nutanix") has operations throughout North America, Europe, Asia Pacific, the Middle East, Latin America and Africa.

We provide a leading enterprise cloud platform that digitizes the traditional silos of enterprise computing, converging compute, virtualization, storage, networking, desktop, governance and security services into one integrated solution. We primarily sell our products and services to end customers through distributors, resellers and original equipment manufacturers ("OEMs") (collectively, "Partners").

Principles of Consolidation

The accompanying consolidated financial statements, which include the accounts of Nutanix, Inc. and its wholly-owned subsidiaries, have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no impact on the previously reported net loss or accumulated deficit.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such management estimates include, but are not limited to, the best estimate of selling prices for products and related support; useful lives of intangible assets and property and equipment; allowance for doubtful accounts; determination of fair value of stock-based awards; accounting for income taxes, including the valuation allowance on deferred tax assets and uncertain tax positions; warranty liability; fair value of contingent consideration in a business combination; sales commissions expense; and contingencies and litigation. Management evaluates these estimates and assumptions on an ongoing basis using historical experience and other factors and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could materially differ from those estimates and assumptions.

Concentration Risk

Credit Risk—Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. We invest only in high-quality credit instruments and maintain our cash and cash equivalents and available-for-sale investments in fixed income securities. Management believes that the financial institutions that hold our investments are financially sound and, accordingly, are subject to minimal credit risk. Our deposits are with multiple institutions, however such deposits may exceed federally insured limits. We provide credit, in the normal course of business, to a number of companies and perform credit evaluations of our customers.

Concentration of Revenue and Accounts Receivable — We sell our products primarily through Partners and occasionally directly to end customers. For the fiscal years ended July 31, 2017, 2018 and 2019, no end customer accounted for more than 10% of total revenue or accounts receivable.

For each significant Partner, revenue as a percentage of total revenue and accounts receivable as a percentage of total accounts receivable, net are as follows:

	Revenue			Accounts Receivable as of July 31,	
	Fiscal Year Ended July 31,				
Partners	**2017**	**2018**	**2019**	**2018**	**2019**
Partner A	(1)	10%	10%	16%	(1)
Partner B	19%	20%	10%	13%	(1)
Partner C	16%	18%	24%	15%	27%
Partner D	10%	(1)	(1)	(1)	(1)
Partner E	14%	13%	13%	12%	18%

(1) Less than 10%

Summary of Significant Accounting Policies

Cash, Cash Equivalents and Short-Term Investments

We classify all highly liquid investments with original maturities of three months or less from the date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months as marketable securities.

We determine the appropriate classification of our marketable securities at the time of purchase and reevaluate such designation as of each balance sheet date. We classify and account for our marketable securities as available-for-sale securities. We classify our marketable securities with stated maturities greater than twelve months as short-term investments due to our intent and ability to use these securities to support our current operations.

Our marketable securities are recorded at their estimated fair value. Unrealized gains or losses on available-for-sale securities are reported in other comprehensive income (loss). We periodically review whether our securities may be other-than-temporarily impaired, including whether or not (i) we have the intent to sell the security or (ii) it is more likely than not that we will be required to sell the security before its anticipated recovery. If one of these factors is met, we will record an impairment loss associated with our impaired investment. The impairment loss will be recorded as a write-down of investments in the consolidated balance sheets and a realized loss within other expense in the consolidated statements of operations.

Fair Value Measurement

We define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which to transact and the market-based risk. We apply fair value accounting for all assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The carrying amounts reported in the consolidated financial statements for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The fair value of the Notes is determined based on the closing trading price per $100 of the Notes as of the last day of trading for the period.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, net of an allowance for doubtful accounts. Credit is extended to customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for doubtful accounts.

The allowance for doubtful accounts is based on the best estimate of the amount of probable credit losses in existing accounts receivable. We evaluate the collectability of our accounts receivable based on known collection risks and historical experience. In circumstances where we are aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filings or substantial downgrading of credit ratings), we record an allowance for doubtful accounts in order to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we record an allowance for doubtful accounts based on the length of time the receivable is past due and our historical experience of collections and write-offs.

The changes in the allowance for doubtful accounts are as follows:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Allowance for doubtful accounts—beginning balance	$ 132	$ 132	$ 815
Charged to allowance for doubtful accounts	—	815	437
Recoveries	—	—	(290)
Write-offs	—	(132)	(583)
Allowance for doubtful accounts—ending balance	$ 132	$ 815	$ 379

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost, less accumulated depreciation and amortization. We include the cost to acquire demonstration units and the related accumulated depreciation in property and equipment as such units are generally not available for sale. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets.

Business Combinations

We account for our acquisitions using the acquisition method. Goodwill is measured at the acquisition date as the excess of the purchase price over the fair value of the assets acquired and liabilities assumed. Significant estimates and assumptions are made by management to value such assets and liabilities. Although we believe that those estimates and assumptions are reasonable and appropriate, they are inherently uncertain and subject to refinement. Additional information related to the acquisition date fair value of acquired assets and assumed liabilities obtained during the measurement period, not to exceed one year, may result in changes to the recorded values of such assets and liabilities, resulting in an offsetting adjustment to the goodwill associated with the business acquired.

Uncertain tax positions and tax-related valuation allowances are initially established in connection with a business combination as of the acquisition date. We continue to collect information and reevaluate these estimates and assumptions quarterly. We will record any adjustments to our preliminary estimates to goodwill, provided that it is within the one-year measurement period. Any contingent consideration payable is recognized at fair value at the acquisition date. Liability-classified contingent consideration is remeasured each reporting period, with changes in fair value recognized in earnings until the contingent consideration is settled.

Acquisition related costs incurred in connection with a business combination, other than those associated with the issuance of debt or equity securities, are expensed as incurred.

Goodwill, Intangible Assets and Other Long-Lived Assets

Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition that are not individually identified and separately recorded. The excess of the purchase price over the estimated fair value of net assets of businesses acquired in a business combination is recognized as goodwill.

Intangible assets consist of identifiable intangible assets, including developed technology, customer relationships and trade names, resulting from business combinations. Finite-lived intangible assets are recorded at fair value, net of accumulated amortization. Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization expense is included as a component of cost of product revenue and sales and marketing expense in the accompanying consolidated statements of operations. Amounts included in sales and marketing expense relate to customer relationships.

Goodwill and other intangible assets acquired in a business combination and determined to have an indefinite useful life, such as IPR&D, are not amortized, but instead tested for impairment at least annually, as of May 1 of each year. Such goodwill and other intangible assets may also be tested for impairment between annual tests in the presence of impairment indicators such as, but not limited to: (i) a significant adverse change in legal factors or in the business climate; (ii) a substantial decline in our market capitalization; (iii) an adverse action or assessment by a regulator; (iv) unanticipated competition; (v) loss of key personnel; (vi) a more likely-than-not expectation of the sale or disposal of a reporting unit or a significant portion thereof; (vii) a realignment of our resources or restructuring of our existing businesses in response to changes to industry and market conditions; (viii) testing for recoverability of a significant asset group within a reporting unit; or (ix) a higher discount rate used in the impairment analysis as impacted by an increase in interest rates.

Goodwill is tested for impairment by comparing the reporting unit's carrying value, including goodwill, to the fair value of the reporting unit. We operate under one reporting unit and for our annual goodwill impairment test, we determine the fair value of our reporting unit based on our enterprise value. We may elect to utilize a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying value. If, after assessing the qualitative factors, we determine that it is more likely than not that the fair value of our reporting unit is less than its carrying value, an impairment analysis will be performed. We compare the fair value of our reporting unit with its carrying amount and if the carrying value of the reporting unit exceeds its fair value, an impairment loss will be recognized.

Long-lived assets, such as property and equipment and finite-lived intangible assets subject to depreciation and amortization, are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Among the factors and circumstances we consider in determining recoverability are: (i) a significant decrease in the market price of a long-lived asset; (ii) a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition; (iii) a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action or assessment by a regulator; (iv) an accumulation of costs significantly in excess of the amount originally expected for the acquisition; and (v) current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

There have been no indicators of impairment of goodwill, intangible assets or other long-lived assets and we did not record any impairment losses during fiscal 2017, 2018 or 2019.

Revenue Recognition

The core principle of ASC 606 is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. This principle is achieved by applying the following five-step approach:

- *Identification of the contract, or contracts, with a customer* — A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance and (iii) we determine that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. We apply judgment in determining the customer's ability and intention to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

- *Identification of the performance obligations in the contract —* Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or services either on their own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods or services, we apply judgment to determine whether promised goods or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.

- *Determination of the transaction price* — The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer.

- *Allocation of the transaction price to the performance obligations in the contract* — If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). We determine SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, we estimate the SSP, taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

- *Recognition of revenue when, or as, performance obligations are satisfied* — We satisfy performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied with the transfer of a promised good or service to a customer. For additional details on revenue recognition, refer to Note 3 of Notes to Consolidated Financial Statements.

Contracts with multiple performance obligations — Some of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative SSP basis. For deliverables that we routinely sell separately, such as software entitlement and support subscriptions on our core offerings, we determine SSP by evaluating the standalone sales over the trailing 12 months. For those that are not sold routinely, we determine SSP based on our overall pricing trends and objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold and geographic locations.

Contract balances — The timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable are recorded at the invoiced amount, net of an allowance for doubtful accounts. A receivable is recognized in the period we deliver goods or provide services, or when our right to consideration is unconditional. In situations where revenue recognition occurs before invoicing, an unbilled receivable is created, which represents a contract asset. Unbilled accounts receivable, included in accounts receivable, net on the consolidated balance sheets, was not material for any of the periods presented.

Payment terms on invoiced amounts are typically 30 days. The balance of accounts receivable, net of allowance for doubtful accounts, as of July 31, 2018 and 2019 is presented in the accompanying consolidated balance sheets.

Costs to obtain and fulfill a contract — We capitalize commissions paid to sales personnel and the related payroll taxes when customer contracts are signed. These costs are recorded as deferred commissions in the consolidated balance sheets, current and non-current. We determine whether costs should be deferred based on our sales compensation plans, if the commissions are incremental and would not have been incurred absent the execution of the customer contract. Commissions paid upon the initial acquisition of a contract are amortized over the estimated period of benefit, which may exceed the term of the initial contract if the commissions expected to be paid upon renewal are not commensurate with that of the original contract. Accordingly, the amortization of deferred costs is recognized on a systematic basis that is consistent with the pattern of revenue recognition allocated to each performance obligation and included in sales and marketing expense in the consolidated statements of operations. We determine the estimated period of benefit by evaluating the expected renewals of customer contracts, the duration of relationships with our customers, customer retention data, our technology development lifecycle and other factors. Deferred costs are periodically reviewed for impairment.

Deferred revenue — Deferred revenue primarily consists of amounts that have been invoiced but not yet recognized as revenue and primarily pertain to support subscriptions and professional services. The current portion of deferred revenue represents the amounts that are expected to be recognized as revenue within one year of the consolidated balance sheet date.

Cost of Revenue

Cost of revenue consists of cost of product revenue and cost of support, entitlements and other services revenue. Personnel costs associated with our operations and global customer support organizations consist of salaries, benefits and stock-based compensation. Allocated costs consist of certain facilities, depreciation and amortization, recruiting and information technology costs allocated based on headcount.

Warranties

We generally provide a one-year warranty on hardware and a 90-day warranty on software licenses. The hardware warranty provides for parts replacement for defective components and the software warranty provides for bug fixes. With respect to the hardware warranty obligation, we have a warranty agreement with our contract manufacturers under which the contract manufacturers are generally required to replace defective hardware within three years of shipment. Furthermore, our post-contract customer support ("PCS") agreements provide for the same parts replacement that customers are entitled to under the warranty program, except that replacement parts are delivered according to targeted response times to minimize disruption to the customers' critical business applications. Substantially all customers purchase PCS agreements.

Given the warranty agreement with our contract manufacturers and considering that substantially all products are sold together with PCS agreements, we generally have very limited exposure related to warranty costs and therefore no warranty reserve has been recognized.

Research and Development

Our research and development expense consists primarily of product development personnel costs, including salaries and benefits, stock-based compensation and allocated facilities costs. Research and development costs are expensed as incurred.

Stock-Based Compensation

Stock-based compensation expense is measured based on the grant date fair value of share-based awards. The fair value of the purchase rights under our 2016 Employee Stock Purchase Plan ("2016 ESPP") is estimated using the Black-Scholes-Merton ("Black-Scholes") option pricing model, which is impacted by the fair value of our common stock, as well as changes in assumptions regarding a number of subjective variables. These variables include the expected common stock price volatility over the term of the awards, the expected term of the awards, risk-free interest rates and expected dividend yield. The fair value of restricted stock units ("RSUs") is determined using the fair value of our common stock on the date of grant.

We grant stock awards with service conditions only and with both service and performance conditions. We recognize stock-based compensation expense for employee stock awards with a service condition only using the straight-line method over the requisite service period of the awards, which is generally the vesting period. We use the accelerated attribution method to recognize stock-based compensation expense related to employee stock awards that contain both service and performance conditions. The fair value of the 2016 ESPP purchase rights is recognized as expense on a straight-line basis over the offering period. We account for forfeitures of all share-based awards when they occur.

Foreign Currency

The functional currency of our foreign subsidiaries is the U.S. dollar. Transactions denominated in currencies other than the functional currency are remeasured at the average exchange rate in effect during the reporting period. At the end of each reporting period all monetary assets and liabilities of our subsidiaries are remeasured at the current U.S. dollar exchange rate at the end of the reporting period. Remeasurement gains and losses are included within other expense, net in the accompanying consolidated statements of operations. During the fiscal years ended July 31, 2017, 2018 and 2019, we recognized foreign currency losses of $2.6 million, $3.6 million and $2.5 million, respectively. To date, we have not undertaken any hedging transactions related to foreign currency exposure.

Segments

Our chief operating decision maker is a group which is comprised of our Chief Executive Officer and Chief Financial Officer. This group allocates resources and assesses financial performance based upon discrete financial information at the consolidated level. Accordingly, we have determined that we operate as a single operating and reportable segment.

Income Taxes

We account for income taxes using the asset and liability method. Deferred income taxes are recognized by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance on amounts that are more likely than not to be realized.

We record a liability for uncertain tax positions if it is not more likely than not to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately anticipate actual outcomes.

Advertising Costs

Advertising costs are charged to sales and marketing expenses as incurred in the consolidated statements of operations. During the fiscal years ended July 31, 2017, 2018 and 2019, advertising expense was $13.0 million, $14.6 million and $26.7 million, respectively.

Recently Adopted Accounting Pronouncements

In October 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory, which requires us to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard was effective for fiscal years beginning after December 15, 2017, with early adoption permitted, including interim reporting periods within those fiscal years. We adopted this ASU effective August 1, 2018 using a modified retrospective approach. The adoption of the new standard did not have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period amounts shown on the statement of cash flows. The new standard was effective for fiscal years beginning after December 15, 2017, with early adoption permitted, including interim reporting periods within those fiscal years. We adopted the new standard effective August 1, 2018, using the retrospective transition approach. The reclassified restricted cash balances from operating activities to changes in cash, cash equivalents and restricted cash on the consolidated statements of cash flows were not material for any period presented.

In January 2018, the FASB released guidance on the accounting for the GILTI provisions of the TCJA. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. During the second quarter of fiscal 2019, we elected to treat any potential GILTI inclusions as a period cost. Our adoption of this guidance has not had a material impact on our consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which aligns the accounting for share-based payment awards issued to nonemployees with the guidance applicable to grants to employees. Under the new standard, equity-classified share-based payment awards issued to nonemployees will be measured on the grant date, instead of the current requirement to remeasure the awards through the performance completion date. The new standard is effective for fiscal years beginning after December 15, 2018, with early adoption permitted, including interim reporting periods within those fiscal years. We early adopted the standard effective August 1, 2018, using the prospective approach, and our adoption did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other (Topic 350): Internal-Use Software, which aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted, including interim reporting periods within those fiscal years. We early adopted the standard effective August 1, 2018, using the prospective approach, and our adoption did not have a material impact on our consolidated financial statements.

In August 2018, the SEC issued Securities Act Release No. 33-10532, which amends certain disclosure requirements, including extending to interim periods the annual requirement to disclose changes in stockholders' equity. Under the new requirements, registrants must now analyze changes in stockholders' equity, in the form of a reconciliation, for the current and comparative year-to-date interim periods, with subtotals for each interim period. The final rule was effective in November 2018. We adopted this new guidance during the first quarter of fiscal 2019 and have included a reconciliation of the changes in stockholders' equity in our Quarterly Reports on Form 10-Q.

Recently Issued and Not Yet Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases ("ASC 842"), which requires lessees to generally recognize on the balance sheet operating and financing lease liabilities and corresponding right-of-use assets, and to recognize on the statement of operations the expenses in a manner similar to current practice. The new standard, including related amendments subsequently issued by the FASB, is effective for fiscal years beginning after December 15, 2018, with early adoption permitted, including interim reporting periods within those fiscal years. We intend to elect the package of transition expedients and the transition option that allows us not to restate the comparative periods in our consolidated financial statements in the year of adoption. In addition, we intend to elect to account for lease and non-lease components as a single lease component. We also intend to make an accounting policy election not to record leases that, at the lease commencement date, have a lease term of 12 months or less on the balance sheet.

We have substantially completed our review of existing vendor arrangements for embedded leases and we expect that all of our operating leases, except those with a lease term of 12 months or less, disclosed in Note 7 will be subject to the new standard. The present value of these operating lease commitments will be recognized as right-of-use assets and lease liabilities at the later to occur of (i) the adoption date of August 1, 2019 or (ii) the time we take possession of the leased asset, which will have a material impact on our consolidated balance sheets. We have made significant progress in validating the accuracy of the new ASC 842 reports generated from our existing lease accounting system and are in the process of finalizing our accounting policy and disclosures. We expect the adoption of this standard to result in the recognition of right-of-use assets between $115 million and $125 million and lease liabilities between $140 million and $150 million. As of the adoption date, we have additional operating lease commitments of approximately $32 million on an undiscounted basis for certain office leases that have not yet commenced. We do not anticipate that the adoption of this standard will have a material impact on our consolidated statements of operations or our consolidated statements of cash flows, as the expense recognition under this new standard will be similar to current practice.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost, including trade receivables. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model that requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The new standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted, including interim reporting periods within those fiscal years. ASU 2016-13 is effective for us in the first quarter of fiscal 2021. We do not expect the adoption of this new standard to have a material impact on our consolidated financial statements and related disclosures.

In February 2018, the FASB issued ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which provides companies with an option to reclassify stranded tax effects resulting from the enactment of the Tax Cuts and Jobs Act ("TCJA") from accumulated other comprehensive income to retained earnings. The new standard is effective for fiscal years beginning after December 15, 2018, with early adoption permitted, including interim reporting periods within those fiscal years. ASU 2018-02 is effective for us in the first quarter of fiscal 2020. The implementation of this new standard will not have a material impact on our consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement, which eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of the FASB's disclosure framework project. The new standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted, including interim reporting periods within those fiscal years. ASU 2018-13 is effective for us in the first quarter of fiscal 2021. We do not expect the adoption of this new standard to have a material impact on our quarterly or annual disclosures.

NOTE 2. BUSINESS COMBINATIONS

We completed two acquisitions in fiscal 2018 and one acquisition in fiscal 2019. The purchase price allocation for these acquisitions, discussed in detail below, reflects various preliminary fair value estimates and analyses, including certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, income taxes and goodwill, which are subject to change within the measurement period as preliminary valuations are finalized. Measurement period adjustments are recorded in the reporting period in which the estimates are finalized and adjustment amounts are determined. We determined the fair values of the intangible assets with the assistance of a valuation firm. The estimation of the fair value of the intangible assets required the use of valuation techniques and entailed consideration of all the relevant factors that might affect the fair value, such as present value factors and estimates of future revenues and costs.

Our consolidated financial statements for the fiscal years ended July 31, 2018 and 2019 include the operations of the acquired companies from the dates the deals closed. Pro forma results of operations have not been presented because they are not material to our consolidated financial statements, either individually or in the aggregate. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill recognized in these acquisitions is primarily attributable to the synergies expected from the expanded market opportunities with our offerings and the knowledgeable and experienced workforce that joined us as part of the acquisitions. Goodwill will not be amortized, but will instead be tested for impairment annually, or more frequently if certain indicators of impairment are present.

Fiscal 2018 Acquisitions

Minjar Acquisition

On March 16, 2018, we completed the acquisition of Minjar, Inc. ("Minjar"), a privately held Delaware corporation with its offices in Bangalore, India ("Minjar Acquisition"). Minjar was a cloud technology solutions company, and the acquisition was expected to complement and enhance our products, allowing us to offer customers new capabilities to better manage their multi-cloud deployments. At the close of the acquisition, all outstanding shares of Minjar capital stock and all in-the-money options and warrants to purchase Minjar capital stock were purchased or canceled in exchange for an aggregate purchase price of approximately $19.3 million, consisting of $18.8 million in cash and approximately $0.5 million of holdback liability. The holdback liability represents deferred payments to Minjar's former key employees to be released in installments during the two years following the date of acquisition. As the release of these deferred payments was not contingent upon the future and continued service, the $0.5 million holdback liability, which approximated fair value, was considered as part of the purchase price.

Certain portions of the consideration for the acquisition had been placed in escrow to secure the indemnification obligations of certain Minjar security holders. In addition to the $19.3 million purchase price, we also entered into employee holdback or deferred payment arrangements with former employees of Minjar who joined us after the acquisition, totaling approximately $4.4 million. As payment of these deferred payments is contingent upon the continuous service of the employees, they are being accounted for as compensation over the required service period of two years.

The purchase price allocation primarily included $18.0 million of goodwill, $7.0 million of intangible assets, which primarily consisted of $5.6 million related to developed technology and $1.4 million related to customer relationships, both of which are being amortized over an estimated economic life of five years, and $5.7 million of deferred income tax and other tax liabilities. Goodwill was not deductible for income tax purposes.

We recognized approximately $0.8 million of acquisition-related costs, which were expensed as incurred, as general and administrative expenses in the consolidated statement of operations.

Netsil Acquisition

On March 22, 2018, we completed the acquisition of Netsil Inc. ("Netsil"), a privately held Delaware corporation headquartered in San Francisco, California ("Netsil Acquisition"). This acquisition represented an opportunity for us to accelerate our ability to deliver native multi-cloud operations with the addition of application discovery and operations management. The aggregate purchase price of approximately $67.5 million consisted of approximately $3.7 million in cash and 1,206,364 unregistered shares of our Class A common stock with an aggregate fair value of approximately $63.8 million. The fair value of the shares of common stock issued was determined to be $52.87 per share, the closing price of our stock on March 22, 2018. Certain portions of the consideration for the acquisition, both cash and shares of our Class A common stock, have been placed in escrow to secure the indemnification obligations of certain Netsil security holders.

We also entered into employee holdback or deferred payment arrangements with the founders of Netsil who joined us after the acquisition, whereby we issued 104,426 unregistered shares of our Class A common stock to the founders subject to their continuous employment with us for two years. The fair value of the Class A common stock issued pursuant to the holdback arrangements was approximately $5.5 million, or $52.87 per share, the closing price of our Class A common stock on March 22, 2018. This holdback is being accounted for as stock-based compensation over the required 2-year service period.

The purchase price allocation primarily included $53.1 million of goodwill, $19.0 million of intangible assets, primarily related to developed technology, which is being amortized over an estimated economic life of seven years, $2.6 million of deferred income tax liabilities and $1.4 million of assumed debt. Goodwill was not deductible for income tax purposes.

We recognized approximately $0.6 million of acquisition-related costs, which were expensed as incurred, as general and administrative expenses in the consolidated statement of operations.

Fiscal 2019 Acquisition

Mainframe2, Inc.

On August 24, 2018, we completed the acquisition of Mainframe2, Inc. ("Frame"), a privately held Delaware corporation with its principal offices in San Mateo, California ("Frame Acquisition"). Frame provides a cloud-based Windows desktop and application delivery service. The aggregate purchase price of approximately $130.0 million consisted of approximately $26.7 million in cash and 1,813,321 shares of our Class A common stock, with an aggregate fair value of approximately $103.3 million. The fair value of the shares of common stock issued was determined to be $56.97 per share, the closing price of our stock on August 24, 2018. Certain portions of the consideration for the acquisition, both cash and shares of our Class A common stock, have been placed in escrow to secure the indemnification obligations of certain Frame security holders.

We also entered into employee holdback or deferred payment arrangements with certain employees of Frame who joined Nutanix after the acquisition, totaling approximately $43.3 million, of which $6.6 million will be paid in cash ("cash holdback") and $36.7 million will be satisfied by issuing shares of our Class A common stock ("share holdback"). As the earning of the share holdback and payment of the cash holdback are contingent upon the continuous service of the employees, they are being accounted for as post-combination compensation expense over the required service period of three years. The 643,746 shares of our Class A common stock related to the $36.7 million share holdback have a fair value of $56.97 per share, the closing price of our Class A common stock on August 24, 2018, and had been issued at closing and are currently being held in escrow. This holdback is being accounted for as stock-based compensation over the required three-year service period. On September 21, 2018, we filed a Form S-3 registration statement with the SEC for the 2,451,322 shares of our Class A common stock that were issued as partial consideration in the Frame Acquisition.

The purchase price allocation primarily includes approximately $97.3 million of goodwill and $38.2 million of intangible assets, including $31.8 million related to developed technology and $2.2 million related to customer relationships, which are being amortized over an estimated economic life of five years, and $4.2 million related to trade name, which is being amortized over an estimated economic life of four years. Goodwill was not deductible for income tax purposes.

Acquisition-related costs were expensed as incurred as general and administrative expenses on our consolidated statement of operations. We recognized approximately $1.1 million of acquisition-related costs in connection with the Frame Acquisition, of which approximately $0.4 million was recognized during the fiscal year ended July 31, 2019.

The following table presents the aggregate purchase price allocation related to the acquisitions completed during fiscal 2018 and fiscal 2019:

	As of July 31,	
	2018	2019
	(in thousands)	
Goodwill	$ 71,087	$ 97,328
Amortizable intangible assets	25,920	38,180
Tangible assets acquired	842	10,811
Liabilities assumed	(11,041)	(16,293)
Total consideration	$ 86,808	$ 130,026

NOTE 3. REVENUE, DEFERRED REVENUE AND DEFERRED COMMISSIONS

Disaggregation of Revenue and Revenue Recognition

We generate revenue primarily from the sale of our enterprise cloud platform, which can be delivered pre-installed on an appliance that is configured to order or delivered separately to be utilized on a variety of certified hardware platforms. Software can be delivered separately or on a configured-to-order appliance. When the software is not portable to other appliances, it generally has a term equal to the life of the associated appliance, while subscription term-based licenses typically have a term of one to five years. Configured-to-order appliances, including our Nutanix-branded NX hardware line, are typically sold through Partners and can be purchased from one of our OEMs or directly from Nutanix. Our enterprise cloud platform is typically purchased with one or more years of support and entitlements, which includes the right to software upgrades and enhancements as well as technical support. A substantial portion of sales are made through channel partners and OEM relationships.

The following table depicts the disaggregation of revenue by revenue type, consistent with how we evaluate our financial performance:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Subscription	$ 172,530	$ 330,645	$ 648,415
Non-portable software	421,048	543,952	449,131
Hardware	236,316	257,314	105,321
Professional services	16,009	23,546	33,276
Total revenue	$ 845,903	$ 1,155,457	$ 1,236,143

Prior to the first quarter of fiscal 2019, we disaggregated revenue into the following categories: software revenue, hardware revenue and support, entitlements and other services revenue. Software revenue included non-portable software and term-based software licenses. Under the new disaggregated revenue categories, included in the table above, term-based software licenses are included within subscription revenue and non-portable software is presented separately. Support, entitlements and other services revenue included software entitlement and support subscriptions and professional services. Under the new disaggregated revenue categories, software entitlement and support subscriptions are included within subscription revenue and professional services revenue is presented separately. There was no change to the presentation of hardware revenue.

Subscription revenue — Subscription revenue includes any performance obligation which has a defined term, and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based software as a service ("SaaS") offerings.

- Ratable — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately $156.6 million, $243.9 million and $376.4 million of our subscription revenue for fiscal 2017, 2018 and 2019, respectively.
- Upfront — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately $15.9 million, $86.7 million and $272.0 million of our subscription revenue for fiscal 2017, 2018 and 2019, respectively. For fiscal 2017, 2018 and 2019, the weighted average term for these subscription term-based licenses was approximately 2.9 years, 3.7 years and 3.8 years, respectively.

Non-portable software — Non-portable software revenue includes sales of our enterprise cloud platform when delivered on a configured-to-order appliance by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and have a term equal to the life of the appliance on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.

Hardware revenue — In transactions where we deliver the hardware appliance, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Professional services revenue — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

Significant changes in the balance of deferred revenue (contract liability) and total deferred commissions (contract asset) for the periods presented are as follows:

	Deferred Revenue	Deferred Commissions
	(in thousands)	
Balance as of July 31, 2017	$ 369,056	$ 73,527
Additions	529,495	150,122
Revenue/commissions recognized	(267,468)	(109,270)
Assumed in a business combination	124	—
Balance as of July 31, 2018	631,207	114,379
Additions	682,241	158,062
Revenue/commissions recognized	(403,724)	(118,729)
Assumed in a business combination	320	—
Balance as of July 31, 2019	$ 910,044	$ 153,712

During the fiscal year ended July 31, 2018, we recognized revenue of approximately $170.1 million pertaining to amounts deferred as of July 31, 2017. During the fiscal year ended July 31, 2019, we recognized revenue of approximately $275.0 million pertaining to amounts deferred as of July 31, 2018.

The majority of our contracted but not invoiced performance obligations are subject to cancellation terms. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not recognized"), which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenue in future periods and excludes performance obligations that are subject to cancellation terms. Contracted not recognized revenue was approximately $941.4 million as of July 31, 2019, of which we expect to recognize approximately 44% over the next 12 months, and the remainder thereafter.

NOTE 4. FAIR VALUE MEASUREMENTS

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy based on the observability of the inputs available in the market used to measure fair value as follows:

- *Level I* — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- *Level II* — Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- *Level III* — Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Cash equivalents and short-term investments

Our money market funds are classified within Level I due to the highly liquid nature of these assets and have unadjusted inputs, quoted prices in active markets for these assets at the measurement date from the financial institution that carries these investment securities. Our investments in available-for-sale debt securities such as commercial paper, corporate bonds and U.S. government securities are classified within Level II. The fair value of these securities is priced by using inputs based on non-binding market consensus prices that are corroborated by observable market data, quoted market prices for similar instruments, or pricing models such as discounted cash flow techniques.

The fair value of our financial assets and liabilities measured on a recurring basis is as follows:

	As of July 31, 2018			
	Level I	Level II	Level III	Total
	(in thousands)			
Financial Assets:				
Cash equivalents:				
Money market funds	$ 41,763	$ —	$ —	$ 41,763
Commercial paper	—	77,818	—	77,818
U.S. government securities	—	4,985	—	4,985
Short-term investments:				
Corporate bonds	—	448,458	—	448,458
Commercial paper	—	120,772	—	120,772
U.S. government securities	—	59,098	—	59,098
Total measured at fair value	$ 41,763	$ 711,131	$ —	$ 752,894
Cash				181,409
Total cash, cash equivalents and short-term investments				$ 934,303
Financial Liabilities:				
Contingent consideration	$ —	$ —	$ 1,872	$ 1,872

	As of July 31, 2019			
	Level I	Level II	Level III	Total
	(in thousands)			
Financial Assets:				
Cash equivalents:				
Money market funds	$ 33,156	$ —	$ —	$ 33,156
Commercial paper	—	103,029	—	103,029
U.S. government securities	—	119,933	—	119,933
Corporate bonds	—	9,996	—	9,996
Short-term investments:				
Corporate bonds	—	354,549	—	354,549
Commercial paper	—	92,851	—	92,851
U.S. government securities	—	64,756	—	64,756
Total measured at fair value	$ 33,156	$ 745,114	$ —	$ 778,270
Cash				130,564
Total cash, cash equivalents and short-term investments				$ 908,834

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

We report our financial instruments at fair value, with the exception of the 0% Convertible Senior Notes, due in 2023 (the "Notes"). Financial instruments that are not recorded at fair value are measured at fair value on a quarterly basis for disclosure purposes. The carrying values and estimated fair values of financial instruments not recorded at fair value are as follows:

	As of July 31, 2018		As of July 31, 2019	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(in thousands)			
Convertible senior notes, net	$ 429,598	$ 685,527	$ 458,910	$ 527,275

The carrying value of the Notes as of July 31, 2018 and 2019 was net of the unamortized debt discount of $137.7 million and $110.0 million, respectively, and unamortized debt issuance costs of $7.7 million and $6.1 million, respectively.

The total estimated fair value of the Notes was determined based on the closing trading price per $100 of the Notes as of the last day of trading for the period. We consider the fair value of the Notes to be a Level 2 measurement due to the limited trading activity.

A summary of the changes in the fair value of our contingent consideration, characterized as Level 3 in the fair value hierarchy, is as follows:

	Fiscal Year Ended July 31,	
	2018	2019
	(in thousands)	
Contingent consideration—beginning balance	$ 4,295	$ 1,872
Change in fair value (1)	(2,423)	(832)
Payment	—	(1,040)
Contingent consideration—ending balance	$ 1,872	$ —

(1) Recognized in the consolidated statements of operations within general and administrative expenses.

We remeasured the fair value of our Level 3 contingent consideration liability using a Monte Carlo simulation on projected future payments. The fair value was determined by calculating the net present value of the expected payments using significant inputs that were not observable in the market, including the probability of achieving the milestone, estimated bookings and discount rates. The change in fair value of the contingent consideration was due to the movement of the inputs. During the quarter ended April 30, 2019, the contingent consideration was paid out in full.

NOTE 5. BALANCE SHEET COMPONENTS

Short-Term Investments

The amortized cost of our short-term investments approximates their fair value. As of July 31, 2018 and 2019, unrealized gains and losses from our short-term investments were not material. As of July 31, 2018 and 2019, unrealized losses from securities that were in an unrealized loss position for more than 12 months were not material. Unrealized losses related to short-term investments are due to interest rate fluctuations, as opposed to credit quality. In addition, unless we need cash to support our current operations, we do not intend to sell and it is not likely that we would be required to sell these investments before recovery of their amortized cost basis, which may be at maturity. As a result, at July 31, 2018 and 2019, there were no other-than-temporary impairments for these investments.

The following table summarizes the estimated fair value of our investments in marketable debt securities by their contractual maturity dates:

	As of July 31, 2019
	(in thousands)
Due within one year	$ 408,459
Due in one to two years	103,697
Total	$ 512,156

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consists of the following:

	As of July 31,	
	2018	2019
	(in thousands)	
Prepaid operating expenses	$ 23,169	$ 37,864
Prepaid income taxes	1,629	19,690
VAT receivables	2,281	5,068
Other current assets	9,739	12,043
Total prepaid expenses and other current assets	$ 36,818	$ 74,665

The increase in prepaid expenses and other current assets from July 31, 2018 to July 31, 2019 was due primarily to the reclassification of an $18.0 million corporate income tax receivable from other assets—non-current to prepaid expenses and other current assets, as the refund was expected to be received within the next 12 months, as well as an increase in prepayments for sales and marketing events and higher expenses related to subscription contract renewals. The $18.0 million corporate income tax receivable was received in August 2019.

Property and Equipment, Net

Property and equipment, net consists of the following:

	Estimated Useful Life	As of July 31,	
		2018	2019
	(in months)	(in thousands)	
Computer, production, engineering and other equipment	36	$ 131,805	$ 200,762
Demonstration units	12	53,547	59,981
Leasehold improvements	(1)	19,916	46,520
Furniture and fixtures	60	7,636	12,868
Total property and equipment, gross		212,904	320,131
Less: accumulated depreciation		(127,793)	(183,169)
Total property and equipment, net		$ 85,111	$ 136,962

(1) Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the remaining lease term.

Depreciation expense related to our property and equipment was $36.2 million, $43.7 million and $60.8 million for the fiscal years ended July 31, 2017, 2018 and 2019, respectively.

Intangible Assets, Net

Intangible assets, net consists of the following:

	As of July 31, 2018	As of July 31, 2019
	(in thousands)	
Developed technology	$ 47,500	$ 79,300
Customer relationships	6,650	8,860
Trade name	—	4,170
Total intangible assets, gross	54,150	92,330
Less:		
Accumulated amortization of developed technology	(6,956)	(21,210)
Accumulated amortization of customer relationships	(1,828)	(3,392)
Accumulated amortization of trade name	—	(955)
Total accumulated amortization	(8,784)	(25,557)
Total intangible assets, net	$ 45,366	$ 66,773

Amortization expense related to our intangible assets is being recognized in the consolidated statements of operations within product cost of revenue for developed technology and sales and marketing expense for customer relationships and trade name.

The changes in the net book value of intangible assets, net are as follows:

	As of July 31, 2018	As of July 31, 2019
	(in thousands)	
Intangible assets, net—beginning balance	$ 26,001	$ 45,366
Acquired intangible assets	25,920	38,180
Amortization of intangible assets (1)	(6,555)	(16,773)
Intangible assets, net—ending balance	$ 45,366	$ 66,773

(1) Represents amortization expense related to intangible assets recognized during the year in the consolidated statements of operations, within product cost of revenue and sales and marketing expense.

The estimated future amortization expense of our intangible assets is as follows:

Fiscal Year Ending July 31:	Amount
	(in thousands)
2020	$ 17,380
2021	17,380
2022	16,183
2023	10,856
2024	3,210
Thereafter	1,764
Total	$ 66,773

Goodwill

The changes in the carrying amount of goodwill are as follows:

	Carrying Amount
	(in thousands)
Balance at July 31, 2017	$ 16,672
Acquired in Netsil Acquisition	53,085
Acquired in Minjar Acquisition	18,002
Balance at July 31, 2018	87,759
Acquired in Frame Acquisition	97,328
Other	93
Balance at July 31, 2019	$ 185,180

Other Assets—Non-Current

Other assets—non-current consists of the following:

	As of July 31,	
	2018	2019
	(in thousands)	
Other tax assets—non-current	$ 30,927	$ —
Deferred tax assets—non-current	2,860	4,607
Other	4,068	9,834
Total other assets—non-current	$ 37,855	$ 14,441

The decrease in other tax assets—non-current from July 31, 2018 to July 31, 2019 was due primarily to the reclassification of an $18.0 million corporate income tax receivable to prepaid expenses and other current assets, as the refund was expected to be received within the next 12 months, as well as the reversal of an uncertain tax position resulting from a change in tax election during the third quarter of fiscal 2019.

Accrued Compensation and Benefits

Accrued compensation and benefits consists of the following:

	As of July 31,	
	2018	2019
	(in thousands)	
Accrued commissions	$ 21,660	$ 31,703
Contributions to ESPP withheld	21,931	20,778
Accrued vacation	10,548	15,475
Accrued bonus	12,129	11,413
Payroll taxes payable	9,563	8,504
Other	9,567	11,931
Total accrued compensation and benefits	$ 85,398	$ 99,804

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following:

	As of July 31,	
	2018	2019
	(in thousands)	
Income taxes payable	$ 20,863	$ 9,651
Accrued professional services	5,838	2,996
Other	4,981	16,150
Total accrued expenses and other current liabilities	$ 31,682	$ 28,797

The decrease in income taxes payable during the fiscal year ended July 31, 2019 was due primarily to an $18.0 million estimated corporate income tax payment made during the second quarter of fiscal 2019, partially offset by additional foreign corporate income tax accruals recorded during fiscal 2019.

NOTE 6. CONVERTIBLE SENIOR NOTES

In January 2018, we issued Convertible Senior Notes with a 0% interest rate for an aggregate principal amount of $575.0 million, due in 2023 (the "Notes"), in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. This included $75.0 million in aggregate principal amount of the Notes that we issued resulting from initial purchasers fully exercising their option to purchase additional notes. There are no required principal payments prior to the maturity of the Notes. The total net proceeds from the Notes are as follows:

	Amount
	(in thousands)
Principal amount	$ 575,000
Less: initial purchasers' discount	(10,781)
Less: cost of the bond hedges	(143,175)
Add: proceeds from the sale of warrants	87,975
Less: other issuance costs	(707)
Net proceeds	$ 508,312

The Notes do not bear any interest and will mature on January 15, 2023, unless earlier converted or repurchased in accordance with their terms. The Notes are unsecured and do not contain any financial covenants or any restrictions on the payment of dividends, or the issuance or repurchase of securities by us.

Each $1,000 of principal of the Notes will initially be convertible into 20.4705 shares of our Class A common stock, which is equivalent to an initial conversion price of approximately $48.85 per share, subject to adjustment upon the occurrence of specified events. Holders of these Notes may convert their Notes at their option at any time prior to the close of the business day immediately preceding October 15, 2022, only under the following circumstances:

1) during any fiscal quarter commencing after the fiscal quarter ending on April 30, 2018 (and only during such fiscal quarter), if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price on each applicable trading day;

2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate for the Notes on each such trading day; or

3) upon the occurrence of certain specified corporate events.

Based on the closing price of our Class A common stock of $22.70 on July 31, 2019, the if-converted value of the Notes was lower than the principal amount. The price of our Class A common stock was not greater than or equal to 130% of the conversion price for 20 or more trading days during the 30 consecutive trading days ending on the last trading day of the quarter ended July 31, 2019, the Notes are not convertible for the fiscal quarter commencing after July 31, 2019.

On or after October 15, 2022, holders may convert all or any portion of their Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, regardless of the foregoing conditions.

Upon conversion of the Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of Class A common stock, at our election. We intend to settle the principal of the Notes in cash.

The conversion rate will be subject to adjustment in some events, but will not be adjusted for any accrued or unpaid interest. A holder who converts their Notes in connection with certain corporate events that constitute a "make-whole fundamental change" per the indenture governing the Notes are, under certain circumstances, entitled to an increase in the conversion rate. In addition, if we undergo a fundamental change prior to the maturity date, holders may require us to repurchase for cash all or a portion of their Notes at a repurchase price equal to 100% of the principal amount of the repurchased Notes, plus accrued and unpaid interest.

We may not redeem the Notes prior to the maturity date, and no sinking fund is provided for the Notes.

In accounting for the issuance of the Notes, we separated the Notes into liability and equity components. The carrying amount of the liability component of approximately $423.4 million was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component of approximately $151.6 million, representing the conversion option, was determined by deducting the fair value of the liability component from the par value of the Notes. The difference between the principal amount of the Notes and the liability component (the "debt discount") is amortized to interest expense using the effective interest method over the term of the Notes. The equity component of the Notes is included in additional paid-in capital in the consolidated balance sheets and is not remeasured as long as it continues to meet the conditions for equity classification.

We incurred transaction costs related to the issuance of the Notes of approximately $11.5 million, consisting of an initial purchasers' discount of $10.8 million and other issuance costs of approximately $0.7 million. In accounting for the transaction costs, we allocated the total amount incurred to the liability and equity components using the same proportions as the proceeds from the Notes. Transaction costs attributable to the liability component were approximately $8.5 million, recorded as debt issuance costs (presented as contra debt in the consolidated balance sheets), and are being amortized to interest expense over the term of the Notes. The transaction costs attributable to the equity component were approximately $3.0 million and were net with the equity component within stockholders' equity.

The Notes consisted of the following:

	As of July 31,	
	2018	2019
	(in thousands)	
Principal amounts:		
Principal	$ 575,000	$ 575,000
Unamortized debt discount (1)	(137,719)	(109,956)
Unamortized debt issuance costs (1)	(7,683)	(6,134)
Net carrying amount	$ 429,598	$ 458,910
Carrying amount of equity component (2)	$ 148,598	$ 148,598

(1) Included in the consolidated balance sheets within "convertible senior notes, net" and amortized over the remaining life of the Notes using the effective interest rate method. The effective interest rate is 6.62%.
(2) Included in the consolidated balance sheets within additional paid-in capital, net of $3.0 million in equity issuance costs.

As of July 31, 2019, the remaining life of the Notes was approximately 41 months.

The following table sets forth the total interest expense recognized related to the Notes:

	Fiscal Year Ended July 31,	
	2018	2019
	(in thousands)	
Interest expense related to amortization of debt discount	$ 13,909	$ 27,764
Interest expense related to amortization of debt issuance costs	776	1,549
Total interest expense	$ 14,685	$ 29,313

Note Hedges and Warrants

Concurrently with the offering of the Notes in January 2018, we entered into convertible note hedge transactions with certain bank counterparties, whereby we have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a conversion price of approximately $48.85 per share, subject to adjustment for certain specified events. The total cost of the convertible note hedge transactions was approximately $143.2 million. In addition, we sold warrants to certain bank counterparties, whereby the holders of the warrants have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a price of $73.46 per share, subject to adjustment for certain specified events. We received approximately $88.0 million in cash proceeds from the sale of these warrants.

Taken together, the purchase of the convertible note hedges and the sale of warrants are intended to offset any actual dilution from the conversion of the Notes and to effectively increase the overall conversion price from $48.85 to $73.46 per share. As these transactions meet certain accounting criteria, the convertible note hedges and warrants are recorded within stockholders' equity and are not accounted for as derivatives. The net cost incurred in connection with the convertible note hedge and warrant transactions of approximately $55.2 million was recorded as a reduction to additional paid-in capital in the consolidated balance sheets as of July 31, 2018 and 2019. The fair value of the note hedges and warrants are not remeasured each reporting period. The amounts paid for the note hedges were tax deductible expenses, while the proceeds received from the warrants were not taxable.

Impact to Earnings per Share

The Notes will have no impact to diluted earnings per share ("EPS") until they meet the criteria for conversion, as discussed above, as we intend to settle the principal amount of the Notes in cash upon conversion. Under the treasury stock method, in periods when we report net income, we are required to include the effect of additional shares that may be issued under the Notes when the price of our Class A common stock exceeds the conversion price. Under this method, the cumulative dilutive effect of the Notes would be approximately 3.9 million shares if the average price of our Class A common stock was $73.46. However, upon conversion, there will be no economic dilution from the Notes, as exercise of the note hedges eliminate any dilution that would have otherwise occurred. The note hedges are required to be excluded from the calculation of diluted earnings per share, as they would be antidilutive under the treasury stock method.

The warrants will have a dilutive effect when the average share price exceeds the warrant strike price of $73.46 per share. As the price of our Class A common stock continues to increase above the warrant strike price, additional dilution would occur at a declining rate so that a $10 increase from the warrant strike price would yield a cumulative dilution of approximately 4.9 million diluted shares for EPS purposes. However, upon conversion, the note hedges would neutralize the dilution from the Notes so that there would only be dilution from the warrants, which would result in an actual dilution of approximately 1.4 million shares at a common stock price of $83.46.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Operating Leases

We have commitments for future payments related to our office facility leases and other contractual obligations. We lease our office facilities under non-cancelable operating lease agreements expiring through 2026. Certain of these lease agreements have free or escalating rent payments. We recognize rent expense under such agreements on a straight-line basis over the lease term, with any free or escalating rent payments amortized as a reduction or addition of rent expense over the lease term.

Future minimum payments due under operating leases as of July 31, 2019 are as follows:

Fiscal Year Ending July 31:	Amount (in thousands)
2020	$ 39,540
2021	41,909
2022	41,332
2023	40,695
2024	30,240
Thereafter	3,511
Total	$ 197,227

Rent expense incurred under operating leases was $12.7 million, $19.0 million and $37.0 million for the fiscal years ended July 31, 2017, 2018 and 2019, respectively.

Purchase Commitments

In the normal course of business, we make commitments with our contract manufacturers and OEMs to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on revenue targets or on-hand inventory and non-cancelable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material. As of July 31, 2019, we had up to approximately $64.8 million of non-cancelable purchase obligations and other commitments pertaining to our normal operations, and up to approximately $144.9 million in the form of guarantees to certain of our contract manufacturers and OEMs.

Guarantees and Indemnifications

We have entered into agreements with some of our Partners and customers that contain indemnification provisions in the event of claims alleging that our products infringe the intellectual property rights of a third party. The scope of such indemnification varies, and may include, in certain cases, the ability to cure the indemnification by modifying or replacing the product at our own expense, requiring the return and refund of the infringing product, procuring the right for the partner and/or customer to continue to use or distribute the product, as applicable, and/or defending the partner or customer against and paying any damages from third-party actions based upon claims of infringement. Other guarantees or indemnification arrangements include guarantees of product and service performance.

We have also agreed to indemnify our directors, executive officers and certain other officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as a director or officer of our company or that person's services provided to any other company or enterprise at our request. We maintain director and officer insurance coverage that may enable us to recover a portion of any future amounts paid.

The fair value of liabilities related to indemnifications and guarantee provisions are not material and have not had any material impact on the consolidated financial statements to date.

Legal Proceedings

Beginning on March 29, 2019, several purported securities class actions were filed in the United States District Court for the Northern District of California against us and two of our officers. The initial complaints generally alleged that the defendants made false and misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5. In July 2019, the court consolidated the actions into a single action, and appointed a lead plaintiff who, per the court-approved schedule, filed a consolidated amended complaint on September 9, 2019. The action is brought on behalf of those who purchased or otherwise acquired our stock between November 30, 2017 and May 30, 2019, inclusive. The consolidated amended complaint seeks monetary damages in an unspecified amount. This case is in the very early stages and we are not able to determine what, if any, liabilities will attach to these complaints.

Beginning on July 1, 2019, several shareholder derivative complaints were filed in each of the U.S. District Court for the Northern District of California, the Superior Court of California for the County of San Mateo, and the Superior Court of California for the County of Santa Clara, naming (i) fourteen of Nutanix's current and former officer and directors as defendants and (ii) the Company as a nominal defendant. The complaints generally allege claims for breach of fiduciary duty, waste of corporate assets, and unjust enrichment, all based on the same general underlying allegations that are contained in the securities class actions described above. The Superior Court complaints additionally allege insider trading and violation of California Corporations Code Section 25402 and the Santa Clara County Superior Court complaints further include additional claims for "abuse of control" and "gross mismanagement." The defendants have not responded to any of the derivative actions to date. These cases are in the very early stages and we are not able to determine what, if any, liabilities will attach to these complaints.

We are not currently a party to any other legal proceedings that we believe to be material to our business or financial condition. From time to time, we may become party to various litigation matters and subject to claims that arise in the ordinary course of business.

NOTE 8. STOCKHOLDERS' EQUITY

We have two classes of authorized common stock, Class A common stock and Class B common stock. As of July 31, 2019, we had 1,000,000,000 shares of Class A common stock authorized with a par value of $0.000025 per share and 200,000,000 shares of Class B common stock authorized with a par value of $0.000025 per share. As of July 31, 2019, we had 168,155,308 shares of Class A common stock issued and outstanding and 20,440,006 shares of Class B common stock issued and outstanding.

Holders of Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders. Holders of Class B common stock are entitled to 10 votes for each share of Class B common stock held on all matters submitted to a vote of stockholders. Except with respect to voting, the rights of the holders of Class A and Class B common stock are identical. Shares of Class B common stock are voluntarily convertible into shares of Class A common stock at the option of the holder and are generally automatically converted into shares of our Class A common stock upon a sale or transfer. Shares issued in connection with exercises of stock options, vesting of restricted stock units, or shares purchased under the employee stock purchase plan are generally automatically converted into shares of our Class A common stock. Shares issued in connection with an exercise of common stock warrants are converted into shares of our Class B common stock.

Common Stock Reserved for Issuance

As of July 31, 2019, we had reserved shares of common stock for future issuance as follows:

	As of July 31, 2019
Shares reserved for future equity grants	12,594,167
Shares underlying outstanding stock options	8,740,309
Shares underlying outstanding restricted stock units	22,136,072
Shares reserved for future employee stock purchase plan awards	1,402,959
Shares underlying outstanding common stock warrants	34,180
Total	44,907,687

NOTE 9. EQUITY INCENTIVE PLANS

Stock Plans

We have three equity incentive plans, the 2010 Stock Plan ("2010 Plan"), 2011 Stock Plan ("2011 Plan") and 2016 Equity Incentive Plan ("2016 Plan"). Our stockholders approved the 2016 Plan in March 2016 and it became effective in connection with our initial public offering ("IPO"). As a result, at the time of the IPO, we ceased granting additional stock awards under the 2010 Plan and 2011 Plan and both plans were terminated. Any outstanding stock awards under the 2010 Plan and 2011 Plan will remain outstanding, subject to the terms of the applicable plan and award agreements, until such shares are issued under those stock awards, by exercise of stock options or settlement of RSUs, or until those stock awards become vested or expired by their terms.

Under the 2016 Plan, we may grant incentive stock options ("ISOs"), non-statutory stock options ("NSOs"), restricted stock, RSUs and stock appreciation rights to employees, directors and consultants. We initially reserved 22,400,000 shares of our Class A common stock for issuance under the 2016 Plan. The number of shares of Class A common stock available for issuance under the 2016 Plan will also include an annual increase on the first day of each fiscal year, beginning in fiscal 2018, equal to the lesser of: 18,000,000 shares, 5% of the outstanding shares of all classes of common stock as of the last day of our immediately preceding fiscal year, or such other amount as may be determined by the Board. Accordingly, on August 1, 2017 and 2018, the number of shares of Class A common stock available for issuance under the 2016 Plan increased by 7,731,826 and 8,642,904 shares, respectively, pursuant to these provisions. As of July 31, 2019, we had reserved a total of 43,504,728 shares for the issuance of equity awards under the Stock Plans, of which 12,594,167 shares were still available for grant. On August 1, 2019, the number of shares of Class A common stock available for issuance under the 2016 Plan increased by 9,429,765 shares pursuant to the automatic increase provisions.

Restricted Stock Units

Performance RSUs — We grant RSUs that have both service and performance conditions to our executives and employees ("Performance RSUs"). Vesting of Performance RSUs is subject to continuous service and the satisfaction of certain performance targets. While we recognize cumulative stock-based compensation expense for the portion of the awards for which both the service condition has been satisfied and it is probable that the performance conditions will be met, the actual vesting and settlement of Performance RSUs are subject to the performance conditions actually being met.

Market Stock Units — In October 2018, the Compensation Committee of our Board of Directors approved the grant of 100,000 RSUs subject to certain market conditions ("MSUs") to our Chief Executive Officer ("CEO"), with a weighted average grant date fair value per unit of $25.16. The MSUs will vest based upon the achievement of an average stock price of $80 over a performance period of approximately 4.5 years (the "Performance Period"), subject to his continuous service on each vesting date. The average stock price is calculated based on the average closing price of one share of our Class A common stock, as reported on the NASDAQ Stock Market during the 180-day period ending on the last trading day prior to each measurement date (as applicable, the "Average Stock Price"). The Average Stock Price is measured once per quarter during the Performance Period, and:

- If the Average Stock Price on any given quarterly measurement date does not equal or exceed $80, then none of the MSUs will vest that quarter, and any unvested MSUs will carry over to the next quarter (the "Carryover MSUs");
- If the Average Stock Price on any given quarterly measurement date equals or exceeds $80, then 1/18th of the MSUs plus the applicable Carryover MSUs, if any, would vest; and/or
- If the Average Stock Price never equals or exceeds $80 during the Performance Period, the MSUs would terminate at the end of the Performance Period.

We used a Monte Carlo simulation to calculate the fair value of the award on the grant date. A Monte Carlo simulation requires the use of various assumptions, including the stock price volatility and risk free interest rate as of the valuation date corresponding to the length of time remaining in the performance period and expected dividend yield. We recognize stock-based compensation expense related to these MSUs using the graded vesting attribution method over the Performance Period. As of July 31, 2019, 100,000 MSUs remained outstanding.

Below is a summary of RSU activity, including MSUs, under the Stock Plans:

	Fiscal Year Ended July 31,			
	2018		2019	
	Number of Shares	Grant Date Fair Value per Share	Number of Shares	Grant Date Fair Value per Share
Outstanding at beginning of period	17,376,090	$ 18.85	23,597,499	$ 31.20
Granted	14,947,403	$ 39.44	11,204,016	$ 42.23
Released	(5,823,800)	$ 19.96	(8,716,764)	$ 30.15
Forfeited	(2,902,194)	$ 22.34	(3,948,679)	$ 33.86
Outstanding at end of period	23,597,499	$ 31.20	22,136,072	$ 36.72

Stock Options

The Board determines the period over which stock options become exercisable and stock options generally vest over a four-year period. Stock options generally expire 10 years from the date of grant. The term of an ISO grant to a 10% stockholder will not exceed five years from the date of the grant. The exercise price of an ISO will not be less than 100% of the estimated fair value of the shares of common stock underlying the stock option (or 110% of the estimated fair value in the case of an ISO granted to a 10% stockholder) on the date of grant. The exercise price of an NSO is determined by the Board at the time of grant and is generally not less than 100% of the estimated fair value of the shares of common stock underlying the stock option on the date of grant.

Below is a summary of stock option activity under the Stock Plans:

	Fiscal Year Ended July 31, 2018				Fiscal Year Ended July 31, 2019			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at beginning of period	20,334,531	$ 4.59	6.4	$ 338,787	11,332,554	$ 5.12	5.6	$ 496,022
Options granted	—	$ —			—	$ —		
Options exercised	(8,672,623)	$ 3.81			(2,554,706)	$ 4.77		
Options canceled/forfeited	(329,354)	$ 6.63			(37,539)	$ 10.09		
Outstanding at end of period	11,332,554	$ 5.12	5.6	$ 496,022	8,740,309	$ 5.20	4.6	$ 153,000
Exercisable at end of period	11,159,045	$ 5.01	5.5	$ 489,682	8,720,993	$ 5.18	4.6	$ 152,837
Vested and expected to vest at end of period	11,332,554	$ 5.12	5.6	$ 496,022	8,740,309	$ 5.20	4.6	$ 153,000

Stock options exercisable as of July 31, 2018 includes 9,660,757 vested options and 1,498,288 unvested options with an early exercise provision. Stock options exercisable as of July 31, 2019 includes 8,048,364 vested options and 672,629 unvested options with an early exercise provision. The weighted average grant date fair value per share for stock options granted during the fiscal year ended July 31, 2017 was $6.41. There were no options granted during fiscal 2018 or 2019.

The aggregate intrinsic value of stock options exercised during the fiscal years ended July 31, 2017, 2018 and 2019 was $73.9 million, $289.4 million and $90.3 million, respectively. Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of our common stock. Cash received from option exercises was $15.6 million, $33.1 million and $12.2 million for the fiscal years ended July 31, 2017, 2018 and 2019, respectively.

The total grant date fair value of stock options vested was $16.1 million, $11.5 million and $4.4 million for the fiscal years ended July 31, 2017, 2018 and 2019, respectively. The number of shares vested and expected to vest included in the table above excludes 47,691 shares of early exercised stock options as of July 31, 2018.

Employee Stock Purchase Plan

In December 2015, the Board adopted the 2016 ESPP, which was subsequently amended in January 2016 and September 2016 and approved by our stockholders in March 2016. The 2016 ESPP became effective in connection with our IPO. A total of 3,800,000 shares of Class A common stock were initially reserved for issuance under the 2016 ESPP. The number of shares of Class A common stock available for sale under the 2016 ESPP also includes an annual increase on the first day of each fiscal year, beginning in fiscal 2018, equal to the lesser of: 3,800,000 shares, 1% of the outstanding shares of all classes of common stock as of the last day of our immediately preceding fiscal year, or such other amount as may be determined by the Board. Accordingly, on August 1, 2017 and 2018, the number of shares of Class A common stock available for issuance under 2016 ESPP increased by 1,546,365 and 1,728,580 shares, respectively, pursuant to these provisions. On August 1, 2019, the number of shares of Class A common stock available for issuance under the 2016 ESPP increased by 1,885,953 shares pursuant to the automatic increase provisions.

The 2016 ESPP allows eligible employees to purchase shares of our Class A common stock at a discount through payroll deductions of up to 15% of eligible compensation, subject to caps of $25,000 in any calendar year and 1,000 shares on any purchase date. The 2016 ESPP provides for 12-month offering periods generally beginning in March and September of each year, and each offering period consists of two six-month purchase periods. The first offering period began in September 2016.

On each purchase date, participating employees will purchase Class A common stock at a price per share equal to 85% of the lesser of the fair market value of our Class A common stock on (i) the first trading day of the applicable offering period or (ii) the last trading day of each purchase period in the applicable offering period. If the stock price of our Class A common stock on any purchase date in an offering period is lower than the stock price on the enrollment date of that offering period, the offering period will immediately reset after the purchase of shares on such purchase date and automatically roll into a new offering period.

During the fiscal year ended July 31, 2019, 2,008,082 shares of common stock were purchased under the 2016 ESPP for an aggregate amount of $57.2 million. As of July 31, 2019, 1,402,959 shares were available for future issuance under the 2016 ESPP.

We use the Black-Scholes option pricing model to determine the fair value of shares purchased under the 2016 ESPP with the following weighted average assumptions on the date of grant:

	Fiscal Year Ended July 31,		
	2017	2018	2019
Expected term (in years)	0.75	0.75	0.84
Risk-free interest rate	0.6%	1.4%	2.5%
Volatility	51.0%	49.8%	69.0%
Dividend yield	—%	—%	—%

Stock-Based Compensation

Total stock-based compensation expense recognized in the consolidated statements of operations is as follows:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Cost of revenue:			
Product	$ 3,066	$ 2,580	$ 3,535
Support, entitlements and other services	10,411	8,945	15,326
Sales and marketing	78,117	65,060	107,751
Research and development	109,044	74,389	140,519
General and administrative	30,853	26,894	39,598
Total stock-based compensation expense	$ 231,491	$ 177,868	$ 306,729

Stock-based compensation expense for the fiscal year ended July 31, 2017 included cumulative stock-compensation expense related to stock awards with performance conditions, for which vesting was deemed probable in the first quarter of fiscal 2017 upon the successful completion of our IPO. Prior to fiscal 2017, no expense was recognized related to these stock awards, as vesting was not deemed probable. The cumulative stock-based compensation expense recorded in the first quarter of fiscal 2017 related to the portion of the awards for which the relevant service condition had been satisfied and we have continued to recognize the expense over the remaining service period. Stock-based compensation expense related to stock awards without performance conditions is recognized on a straight-line basis over the requisite service period.

As of July 31, 2019, unrecognized stock-based compensation expense related to outstanding stock awards was approximately $744.9 million and is expected to be recognized over a weighted average period of approximately 2.5 years.

Determination of Fair Value

The fair value of options granted to employees is estimated on the grant date using the Black-Scholes option pricing model.

The valuation model for stock-based compensation expense requires us to make assumptions and judgments about the variables used in the calculation, including the expected term, expected volatility of our common stock, risk-free interest rate and expected dividend yield.

The fair value of our stock options was estimated using the following weighted average assumptions:

	Fiscal Year Ended July 31, 2017
Fair value of common stock	$ 12.14
Expected term (in years)	6.1
Risk-free interest rate	1.3%
Volatility	52%
Dividend yield	—%

We did not grant any stock options during fiscal 2018 or 2019. The fair value of each grant of stock options was determined using the Black-Scholes option pricing model and the assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Fair Value of Common Stock — Prior to our IPO, the fair value of the common stock underlying our stock options was determined by our Board. The Board, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our common stock at each grant date. Subsequent to our IPO, we use the market closing price for our Class A common stock as reported on the NASDAQ Stock Market on the date of grant.

Expected Term — The expected term represents the period that the stock-based awards are expected to be outstanding. For option grants that are considered to be "plain vanilla," we determine the expected term using the simplified method as provided by the Securities and Exchange Commission. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

Risk-Free Interest Rate — The risk-free interest rate is based on U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the option's expected term.

Expected Volatility — Since we do not have a long trading history of our common stock, the expected volatility was derived from the average historical stock volatilities of several unrelated public companies within the industry that we consider to be comparable to our business over a period equivalent to the expected term of the stock option grants.

Dividend Rate — The expected dividend was assumed to be zero, as we have never paid dividends and have no current plans to do so.

NOTE 10. NET LOSS PER SHARE

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. Our Convertible Preferred Stock is considered a participating security. Participating securities do not have a contractual obligation to share in our losses. As such, for the periods we incur net losses, there is no impact on the calculated net loss per share attributable to common stockholders in applying the two-class method.

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by giving effect to potentially dilutive common stock equivalents outstanding during the period, as their effect would be dilutive. Potentially dilutive common shares include participating securities and shares issuable upon the exercise of stock options, the exercise of common stock warrants, the exercise of convertible preferred stock warrants, the vesting of RSUs and each purchase under the 2016 ESPP, under the treasury stock method.

In loss periods, basic net loss per share and diluted net loss per share are the same, as the effect of potential common shares is antidilutive and therefore excluded.

The rights, including the liquidation and dividend rights, of the holders of our Class A and Class B common stock are identical, except with respect to voting. As the liquidation and dividend rights are identical, our undistributed earnings or losses are allocated on a proportionate basis among the holders of both Class A and Class B common stock. As a result, the net income (loss) per share attributed to common stockholders will, therefore, be the same for both Class A and Class B common stock on an individual or combined basis.

The computation of basic and diluted net loss per share attributable to Class A and Class B common stockholders is as follows:

	Fiscal Year Ended July 31,		
	2017	2018	2019
	(in thousands, except share and per share data)		
Numerator:			
Net loss	$ (379,638)	$ (297,161)	$ (621,179)
Denominator:			
Weighted average shares—basic and diluted	128,295,563	164,091,302	181,030,964
Net loss per share attributable to common stockholders—basic and diluted	$ (2.96)	$ (1.81)	$ (3.43)

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the fiscal years presented because including them would have been antidilutive are as follows:

	As of July 31,		
	2017	2018	2019
Outstanding stock options and RSUs	37,710,621	34,930,053	30,876,381
Employee stock purchase plan	1,447,385	1,310,653	1,659,233
Common stock subject to repurchase	243,148	47,691	—
Contingently issuable shares pursuant to business combinations	—	276,625	748,172
Common stock warrants	34,180	34,180	34,180
Total	39,435,334	36,599,202	33,317,966

Shares that will be issued in connection with our stock awards and shares that will be purchased under the employee stock purchase plan are generally automatically converted into shares of our Class A common stock. Shares issued in connection with an exercise of the common stock warrants are converted into shares of our Class B common stock and are voluntarily convertible into shares of Class A common stock at the option of the holder.

NOTE 11. INCOME TAXES

Income Taxes

Loss before provision for income taxes by fiscal year consisted of the following:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Domestic	$ (304,363)	$ (201,666)	$ (658,938)
Foreign	(70,423)	(88,048)	45,878
Loss before provision for income taxes	$ (374,786)	$ (289,714)	$ (613,060)

Provision for income taxes by fiscal year consisted of the following:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
Current:			
U.S. federal	$ —	$ 2,059	$ (1,998)
State and local	193	429	312
Foreign	8,196	8,541	17,270
Total current taxes	8,389	11,029	15,584
Deferred:			
U.S. federal	(1,342)	(3,387)	(4,949)
State and local	13	(718)	(770)
Foreign	(2,208)	523	(1,746)
Total deferred taxes	(3,537)	(3,582)	(7,465)
Provision for income taxes	$ 4,852	$ 7,447	$ 8,119

The income tax provision differs from the amount of income tax determined by applying the applicable U.S. federal statutory income tax rate of 21% to pre-tax loss. The reconciliation of the statutory federal income tax and our effective income tax is as follows:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
U.S. tax reform impact	$ —	$ 93,352	$ —
U.S. federal income tax at statutory rate	(127,427)	(75,779)	(128,680)
Stock-based compensation	6,701	(73,631)	(23,378)
Effect of foreign operations	16,891	26,117	14,305
Change in valuation allowance	86,941	25,274	142,273
Transfer pricing adjustments	11,822	4,584	(3)
Intangible asset migration	—	4,461	(2,027)
Non-deductible expenses	1,693	2,115	4,651
State income taxes	206	(290)	(458)
Warrant revaluation	7,185	—	—
Other	840	1,244	1,436
Total	$ 4,852	$ 7,447	$ 8,119

During the fiscal year ended July 31, 2017, our provision for income taxes was primarily attributable to foreign tax provisions in certain foreign jurisdictions in which we conduct business.

During the fiscal year ended July 31, 2018, our provision for income taxes was primarily attributable to the alternative minimum tax in the U.S. related to the migration of certain intangible assets and foreign tax provisions in certain foreign jurisdictions in which we conduct business, partially offset by a partial valuation allowance release in the U.S. due to acquisitions completed during fiscal 2018.

During the fiscal year ended July 31, 2019, our provision for income taxes was primarily attributable to foreign tax provisions in certain foreign jurisdictions in which we conduct business, partially offset by a partial valuation release in the U.S. due to an acquisition completed during fiscal 2019 and a tax benefit related to the change in tax law.

In December 2017, the U.S. Congress passed, and the President signed, the Tax Cuts and Jobs Act, which includes a broad range of tax reform proposals affecting businesses, including a federal corporate rate reduction from 35% to 21%, effective January 1, 2018, limitations on the deductibility of interest expense and executive compensation, the creation of new minimum taxes, such as the base erosion anti-abuse tax ("BEAT") and Global Intangible Low Taxed Income ("GILTI") tax and a new minimum tax on certain foreign earnings. Additionally, in December 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which allowed us to record provisional amounts during a measurement period not to extend beyond one year from the enactment date. We completed our accounting for income tax effects of the TCJA during the second quarter of fiscal 2019 and did not have any significant adjustments to our provisional amounts. Although our analysis of the tax effects of the TCJA is complete, there may be additional tax effects that could impact our future consolidated financial statements upon the finalization of any laws, regulations or additional TCJA guidance. We have elected to record taxes associated with our GILTI as period costs when incurred.

The temporary differences that give rise to significant portions of deferred tax assets and liabilities are as follows:

	As of July 31,	
	2018	2019
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforward	$ 162,914	$ 294,577
Tax credit carryforward	47,839	109,921
Deferred revenue	27,577	71,859
Intangible assets	—	35,764
Stock-based compensation expense	21,252	27,493
Other assets	—	24,258
Accruals and reserves	8,370	14,825
Total deferred tax assets	267,952	578,697
Deferred tax liabilities:		
Deferred commission expense	(27,829)	(35,814)
Acquisition-related	(5,909)	(11,515)
Property and equipment	(3,870)	(8,541)
Foreign branch taxes	—	(4,607)
Prepaid expenses	—	(2,303)
Other	(497)	(1,621)
Total deferred tax liabilities	(38,105)	(64,401)
Valuation allowance	(226,987)	(509,764)
Net deferred tax assets	$ 2,860	$ 4,532

Management believes that based on available evidence, both positive and negative, it is more likely than not that the U.S. deferred tax assets will not be utilized and as such, a full valuation allowance has been recorded.

The valuation allowance for deferred tax assets was $509.8 million as of July 31, 2019. The net increase in the total valuation allowance for the fiscal years ended July 31, 2018 and 2019 was $65.8 million and $282.8 million, respectively.

As of July 31, 2019, we had approximately $1.4 billion of federal net operating loss carryforwards and $764.3 million of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in fiscal 2029. In addition, we had approximately $75.8 million of federal research credit carryforwards, $49.5 million of state research credit carryforwards and $14.1 million of foreign tax credit carryforwards. The federal credits will begin to expire in fiscal 2029 and the state credits can be carried forward indefinitely. The foreign credits will begin to expire in fiscal 2027.

Utilization of the net operating loss and tax credit carryforwards may be subject to an annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. Any annual limitation may result in the expiration of net operating losses and credits before utilization. If an ownership change occurred, utilization of the net operating loss and tax credit carryforwards could be significantly reduced.

As of July 31, 2019, we held an aggregate of $218.0 million in cash and cash equivalents in our foreign subsidiaries, of which $182.6 million was denominated in U.S. dollars. We attribute net revenue, costs and expenses to domestic and foreign components based on the terms of our agreements with our subsidiaries. We do not provide for federal income taxes on the undistributed earnings of our foreign subsidiaries, as such earnings are to be reinvested offshore indefinitely. The income tax liability would be insignificant if these earnings were to be repatriated.

The income tax benefit and provision for the fiscal year ended July 31, 2019 are based on the assumption that foreign undistributed earnings are indefinitely reinvested. We will continue to evaluate whether or not to continue to assert indefinite reinvestment on part or all of our foreign undistributed earnings. In the event we determine not to continue to assert the permanent reinvestment of part or all of our foreign undistributed earnings, such a determination could result in the accrual and payment of additional foreign, state and local taxes.

We recognize uncertain tax positions in our financial statements if that position will more likely than not be sustained on audit, based on the technical merits of the position. A reconciliation of our unrecognized tax benefits, excluding accrued interest and penalties, is as follows:

	Fiscal Year Ended July 31,	
	2018	2019
	(in thousands)	
Balance at the beginning of the year	$ 42,655	$ 91,716
Increases related to current year tax positions	58,727	13,736
Increases related to prior year tax positions	4,893	301
Decreases related to prior year tax positions	(14,559)	(23,782)
Settlements with tax authorities	—	(721)
Balance at the end of the year	$ 91,716	$ 81,250

During the fiscal year ended July 31, 2019, the net decrease in uncertain tax positions was primarily attributable to a tax election made during the third quarter of fiscal 2019, as well as the change in tax law, partially offset by uncertain tax positions related to an acquisition during fiscal 2019.

As of July 31, 2019, if uncertain tax positions are fully recognized in the future, it would result in a $14.5 million impact to our effective tax rate, and the remaining amount would result in adjustments to deferred tax assets and corresponding adjustments to the valuation allowance.

We recognize interest and/or penalties related to income tax matters as a component of income tax expense. As of July 31, 2019, we had recognized $1.3 million accrued interest and penalties related to uncertain tax positions.

We file income tax returns in the U.S. federal jurisdiction as well as various U.S. states and foreign jurisdictions. The tax years 2009 and forward remain open to examination by the major jurisdictions in which we are subject to tax. These fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized. We are subject to the continuous examination of income tax returns by various tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of the provision for income taxes. We believe that adequate amounts have been reserved for any adjustments that may ultimately result from these examinations and do not anticipate a significant impact to the gross unrecognized tax benefits within the next 12 months related to these years.

NOTE 12. SEGMENT INFORMATION

Our chief operating decision maker is a group which is comprised of our Chief Executive Officer and Chief Financial Officer. This group reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, we have a single reportable segment.

The following table sets forth revenue by geographic location based on bill-to location:

	Fiscal Year Ended July 31,		
	2017	2018	2019
		(in thousands)	
U.S.	$ 488,079	$ 648,805	$ 682,340
Asia Pacific	186,864	240,247	271,712
Europe, the Middle East and Africa	138,815	224,392	238,356
Other Americas	32,145	42,013	43,735
Total revenue	$ 845,903	$ 1,155,457	$ 1,236,143

As of July 31, 2018 and 2019, $130.0 million and $161.9 million, respectively, of our long-lived assets, net were located in the United States.

NOTE 13. RELATED-PARTY TRANSACTIONS

We enter into various transactions with related parties in the normal course of business. During the fiscal years ended July 31, 2017, 2018 and 2019, we did not have any material related party transactions.

In connection with the acquisition of PernixData in the first quarter of fiscal 2017, entities affiliated with Lightspeed Venture Partners, which owned approximately 36.7% of our outstanding Convertible Preferred Stock as of July 31, 2016, owned approximately 26.4% of the outstanding capital stock of PernixData immediately prior to the completion of the PernixData acquisition. One member of our Board is affiliated with Lightspeed Venture Partners. As of July 31, 2019, entities affiliated with Lightspeed Venture Partners owned approximately 2.3% of our total outstanding Class A and Class B common stock.

NOTE 14. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following sets forth selected unaudited quarterly consolidated statements of operations data for each of the eight quarters in the period ended July 31, 2019. The information for each of these quarters has been prepared on a basis consistent with our audited annual consolidated financial statements included elsewhere in this report and, in the opinion of management, includes all adjustments of a normal, recurring nature that are necessary for the fair presentation of the results of operations for these periods in accordance with U.S. GAAP. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this report. These historical quarterly operating results are not necessarily indicative of the results that may be expected for a full fiscal year or any future period.

	Three Months Ended							
	October 31, 2017	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019
	(unaudited, in thousands, except per share amounts)							
Revenue:								
Product	$ 219,052	$ 223,170	$ 221,117	$ 224,650	$ 224,346	$ 236,932	$ 184,794	$ 186,347
Support, entitlements and other services	56,500	63,574	68,296	79,098	88,937	98,428	102,830	113,529
Total revenue	275,552	286,744	289,413	303,748	313,283	335,360	287,624	299,876
Cost of revenue:								
Product (2)(3)	85,162	83,217	66,680	41,068	39,261	45,966	29,528	28,323
Support, entitlements and other services (2)	23,460	25,311	28,935	32,197	34,845	40,016	45,549	40,640
Total cost of revenue	108,622	108,528	95,615	73,265	74,106	85,982	75,077	68,963
Gross profit	166,930	178,216	193,798	230,483	239,177	249,378	212,547	230,913
Operating expenses:								
Sales and marketing (2)(3)	145,405	151,201	169,860	183,191	196,497	213,707	245,703	253,843
Research and development (2)	64,512	70,924	81,291	97,050	110,531	123,037	137,982	129,169
General and administrative (2)	16,052	15,948	24,929	29,472	27,339	28,788	33,040	30,420
Total operating expenses	225,969	238,073	276,080	309,713	334,367	365,532	416,725	413,432
Loss from operations	(59,039)	(59,857)	(82,282)	(79,230)	(95,190)	(116,154)	(204,178)	(182,519)
Other expense, net	(189)	(861)	(4,235)	(4,021)	(2,703)	(4,399)	(3,212)	(4,705)
Loss before provision for income taxes	(59,228)	(60,718)	(86,517)	(83,251)	(97,893)	(120,553)	(207,390)	(187,224)
Provision for (benefit from) income taxes	2,259	1,913	(843)	4,118	(3,628)	2,210	2,423	7,114
Net loss	$ (61,487)	$ (62,631)	$ (85,674)	$ (87,369)	$ (94,265)	$ (122,763)	$ (209,813)	$ (194,338)
Net loss per share attributable to Class A and Class B common stockholders—basic and diluted (1)	$ (0.39)	$ (0.39)	$ (0.51)	$ (0.51)	$ (0.54)	$ (0.68)	$ (1.15)	$ (1.04)

(1) Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share amounts may not equal annual basic and diluted per share amounts.

(2) Includes stock-based compensation as follows:

	Three Months Ended							
	October 31, 2017	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019
	(unaudited, in thousands)							
Product cost of sales	$ 570	$ 684	$ 634	$ 692	$ 698	$ 872	$ 953	$ 1,012
Support, entitlements and other services cost of sales	2,072	2,133	1,951	2,789	3,157	3,373	4,542	4,254
Sales and marketing	13,766	15,942	18,051	17,301	22,606	23,462	35,257	26,426
Research and development	15,542	17,023	16,474	25,350	31,009	34,679	42,265	32,566
General and administrative	3,565	6,229	7,836	9,264	8,455	10,179	11,815	9,149
Total	$ 35,515	$ 42,011	$ 44,946	$ 55,396	$ 65,925	$ 72,565	$ 94,832	$ 73,407

(3) Includes amortization of intangible assets as follows:

	Three Months Ended							
	October 31, 2017	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019
	(unaudited, in thousands)							
Product cost of sales	$ 895	$ 1,164	$ 1,447	$ 2,135	$ 3,168	$ 3,692	$ 3,694	$ 3,694
Sales and marketing	211	192	222	289	550	666	661	651
Total	$ 1,106	$ 1,356	$ 1,669	$ 2,424	$ 3,718	$ 4,358	$ 4,355	$ 4,345

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended ("Exchange Act")) prior to the filing of this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were, in design and operation, effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. Internal control over financial reporting consists of policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) are designed and operated to provide reasonable assurance regarding the reliability of our financial reporting and our process for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Our management evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on the results of our evaluation, our management has concluded that our internal control over financial reporting was effective as of July 31, 2019.

The effectiveness of our internal control over financial reporting as of July 31, 2019 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

Limitations on the Effectiveness of Controls

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to our definitive proxy statement for our 2019 annual meeting of stockholders ("2019 Proxy Statement"), which will be filed not later than 120 days after the end of our fiscal year ended July 31, 2019.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to our 2019 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to our 2019 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item is incorporated herein by reference to our 2019 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated herein by reference to our 2019 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Consolidated Financial Statements

We have filed the consolidated financial statements listed in the Index to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in the consolidated financial statements or the notes thereto.

(a)(3) Exhibits

See the Exhibit Index below in this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Number	Exhibit Title	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation.	10-Q	001-37883	3.1	12/8/2016	
3.2	Amended and Restated Bylaws.	S-1/A	333-208711	3.4	5/27/2016	
4.1	Amended and Restated Investors' Rights Agreement, dated as of August 26, 2014, as amended, by and among the Registrant and certain of its stockholders.	S-1	333-208711	4.1	12/22/2015	
4.2	Specimen Class A Common Stock Certificate of the Registrant.	S-1/A	333-208711	4.2	4/4/2016	
4.3	Form of Warrant to Purchase Shares of Capital Stock by and between the Registrant and certain of its investors.	S-1	333-208711	4.3	12/22/2015	
4.4	Indenture, dated as of January 22, 2018, by and between the Registrant and U.S. Bank National Association and Form of 0% Convertible Senior Notes due 2023.	8-K	001-37883	4.1	1/23/2018	
4.5	Description of Class A Common Stock.					X
10.1†	Memorandum of Understanding by and between the Registrant and Flextronics Telecom Systems Limited, executed on March 13, 2017.	10-Q	001-37883	10.1	6/5/2019	
10.2	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers.	S-1	333-208711	10.1	12/22/2015	
10.3+	2010 Stock Plan and forms of equity agreements thereunder.	S-1/A	333-208711	10.2	8/16/2016	
10.4+	2011 Stock Plan and forms of equity agreements thereunder.	S-1	333-208711	10.3	12/22/2015	
10.5+	2016 Equity Incentive Plan and forms of equity agreements thereunder.	S-1/A	333-208711	10.4	9/19/2016	
10.6+	2016 Employee Stock Purchase Plan and forms of equity agreements thereunder.	S-1/A	333-208711	10.5	9/19/2016	
10.7+	Employment Agreement, dated as of February 26, 2015, by and between the Registrant and Dheeraj Pandey.	S-1	333-208711	10.6	12/22/2015	
10.8+	Offer Letter, dated as of April 26, 2014, by and between the Registrant and Duston Williams.	S-1	333-208711	10.7	12/22/2015	
10.9+	Offer Letter, dated as of October 15, 2017, by and between the Registrant and Lou Attanasio.	10-Q	001-37883	10.1	12/13/2017	
10.10+	Offer Letter, dated as of January 2, 2015, by and between the Registrant and Sunil Potti.	S-1	333-208711	10.9	12/22/2015	
10.11+	Offer Letter, dated as of October 17, 2011, by and between the Registrant and David Sangster.	S-1	333-208711	10.11	12/22/2015	
10.12+	Offer Letter, dated as of December 11, 2013, by and between the Registrant and Michael P. Scarpelli.	S-1	333-208711	10.12	12/22/2015	
10.13+	Offer Letter, dated as of July 24, 2015, by and between the Registrant and John McAdam.	S-1	333-208711	10.13	12/22/2015	
10.14+	Executive Incentive Compensation Plan.	S-1	333-208711	10.14	12/22/2015	
10.15	Office Lease, dated as of August 5, 2013, as amended to date, by and between the Registrant and CA-1740 Technology Drive Limited Partnership.	S-1/A	333-208711	10.15	8/16/2016	
10.16	Office Lease, dated as of April 23, 2014, as amended to date, by and between the Registrant and CA-Metro Plaza Limited Partnership.	S-1/A	333-208711	10.16	8/16/2016	
10.17†	Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of May 16, 2014, by and among the Registrant, Nutanix Netherlands B.V. and Super Micro Computer Inc., as amended by Amendment One to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of November 13, 2017 and Amendment Two to Original Equipment Manufacturer (OEM) Purchase Agreement dated as of October 31, 2018.	10-Q	001-37883	10.2	6/5/2019	

10.18†	Amendment Two to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of October 31, 2018, by and between the Registrant and Super Micro Computer, Inc.	10-Q	001-37883	10.3	12/10/2018	
10.19+	Change of Control and Severance Policy.	S-1/A	333-208711	10.21	9/12/2016	
10.20†	Integration Services Agreement, dated as of May 19, 2016, by and among the Registrant, Nutanix Netherlands B.V., Avnet, Inc. and Avnet Europe Comm. VA.	S-1/A	333-208711	10.18	5/27/2016	
10.21+	Amended and Restated Outside Director Compensation Policy.	10-Q	001-37883	10.4	12/10/2018	
10.22+	Offer Letter, dated as of November 20, 2017, by and between the Registrant and Tyler Wall	10-Q	001-37883	10.1	3/15/2018	
10.23†	Manufacturing Services Agreement, by and among the Registrant, Nutanix Netherlands B.V. and Flextronics Telecom Systems Limited, entered into on November 1, 2017, as amended by Amendment #1 to Manufacturing Services Agreement entered into on December 19, 2017.	10-Q	001-37883	10.3	6/5/2019	
10.24	Sixth Amendment to the Office Lease dated as of January 29, 2018, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.1	6/12/2018	
10.25	Seventh Amendment to the Office Lease dated as of April 4, 2018, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.2	6/12/2018	
10.26	Fourth Amendment to the Office Lease dated as of April 4, 2018, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.3	6/12/2018	
10.27	Fifth Amendment to the Office Lease dated as of October 1, 2018, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.1	12/10/2018	
10.28	Sixth Amendment to the Office Lease dated as of April 5, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.					X
10.29	Seventh Amendment to the Office Lease dated as of April 25, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.					X
10.30	Office Lease, dated as of April 4, 2018, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.4	6/12/2018	
10.31††	First Amendment to the Office Lease dated as of September 5, 2018, by and between the Registrant and the Hudson Concourse, LLC.					X
10.32	Office Lease, dated as of September 5, 2018, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.2	12/10/2018	
10.33	Purchase Agreement, dated January 17, 2018, by and among the Registrant and Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Goldman Sachs & Co. LLC, as representatives of the initial purchasers named therein, Form of Convertible Note Hedge Confirmation and Form of Warrant Confirmation.	8-K	001-37883	10.1	1/23/2018	
21.1	List of subsidiaries of the Registrant.					X
23.1	Consent of Deloitte & Touche LLP, Independent Registered Accounting Firm.					X
24.1	Power of Attorney (included on the Signatures page of this Annual Report on Form 10-K).					X
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X

32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*	X
101.INS	XBRL Instance Document.	X
101.SCH	XBRL Taxonomy Extension Schema Document.	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.	XBRL Taxonomy Extension Definition.	X
101.	XBRL Taxonomy Extension Label Linkbase	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	X

† Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and have been filed separately with the Securities and Exchange Commission.

†† Certain confidential information contained in this Exhibit was omitted by means of marking such portions with brackets because the identified confidential information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

* These exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Nutanix, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

+Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

NUTANIX, INC.

Date: September 24, 2019	By: /s/ Dheeraj Pandey
	Dheeraj Pandey *Chief Executive Officer and Chairman*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dheeraj Pandey and Duston M. Williams, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Dheeraj Pandey Dheeraj Pandey	Chief Executive Officer and Chairman *(Principal Executive Officer)*	September 24, 2019
/s/ Duston M. Williams Duston M. Williams	Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	September 24, 2019
/s/ Susan L. Bostrom Susan L. Bostrom	Director	September 24, 2019
/s/ Craig Conway Craig Conway	Director	September 24, 2019
/s/ Steven J. Gomo Steven J. Gomo	Director	September 24, 2019
/s/ John McAdam John McAdam	Director	September 24, 2019
/s/ Ravi Mhatre Ravi Mhatre	Director	September 24, 2019
/s/ Jeffrey T. Parks Jeffrey T. Parks	Director	September 24, 2019
/s/ Michael P. Scarpelli Michael P. Scarpelli	Director	September 24, 2019
/s/ Brian M. Stevens Brian M. Stevens	Director	September 24, 2019

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BOARD OF DIRECTORS

Dheeraj Pandey
Chief Executive Officer and Chairman, Nutanix, Inc.

Susan L. Bostrom
Former Executive Vice President, Chief Marketing Officer, Worldwide Government Affairs, Cisco Systems, Inc.

Craig Conway
Former Chief Executive Officer, PeopleSoft, Inc.

Steven J. Gomo
Former Chief Financial Officer, NetApp, Inc.

John McAdam
Former Chief Executive Officer, F5 Networks, Inc.

Ravi Mhatre
Managing Director, Lightspeed Ventures

Jeffrey T. Parks
General Partner, Riverwood Capital

Michael P. Scarpelli
Chief Financial Officer, Snowflake Inc.

Brian Stevens
Former Chief Technology Officer, Google Cloud

NUTANIX EXECUTIVE OFFICERS

Dheeraj Pandey
Chief Executive Officer and Chairman

Duston Williams
Chief Financial Officer

David Sangster
Chief Operating Officer

Tyler Wall
Chief Legal Officer

NUTANIX CORPORATE HEADQUARTERS

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San Jose, CA 95110
(408) 216-8360
(408) 890-4833
www.nutanix.com

INVESTOR RELATIONS

Tonya Chin
Vice President, Corporate Communications and Investor Relations
(408) 560-2675
Email: tonya@nutanix.com

You may also reach us by visiting the investor relations portion of our website at: ir.nutanix.com

Our Class A common stock trades on The Nasdaq Global Select Market under the ticker symbol NTNX.

REGISTRAR AND TRANSFER AGENT

For questions regarding stockholder accounts or changes of address, please contact our transfer agent:

Computershare Trust Company, N.A.
462 South 4th Street, Suite 1600
Louisville, KY 40202
(781) 575-3100
(877) 373-6374
www.computershare.com

Nutanix is a global leader in cloud software and hyperconverged infrastructure solutions, making infrastructure invisible so that IT can focus on the applications and services that power their business. Companies around the world use Nutanix Enterprise Cloud OS software to bring one-click application management and mobility across public, private and distributed edge clouds so they can run any application at any scale with a dramatically lower total cost of ownership. The result is organizations that can rapidly deliver a high-performance IT environment on demand, giving application owners a true cloud-like experience.

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