

Q2 FISCAL 2019 RESULTS

AUGUST 21, 2018

FORWARD LOOKING STATEMENTS

AND NON-GAAP INFORMATION

This presentation contains “forward-looking” statements that are based on our beliefs and assumptions and on information currently available to us. Such forward-looking statements include statements concerning our possible or expected future financial or operating results, business strategies, product development plans, technical and business advantages, competitive position, industry trends and potential growth opportunities. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “seek,” “estimate,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements, including risks, uncertainties and other factors relating to our financial guidance, results and growth, our technological leadership and market opportunity, introduction of new functionality and products, product acceptance and our products and business model, customer spending priorities, our competitive position and industry dynamics, and relationships with third parties, including partners and customers. Additional risks, uncertainties and other factors are included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our reports and registration statement previously filed with the SEC, which are available on our website at investor.purestorage.com and on the SEC’s website at www.sec.gov.

Forward-looking statements represent our beliefs and assumptions only as of the date of this presentation. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

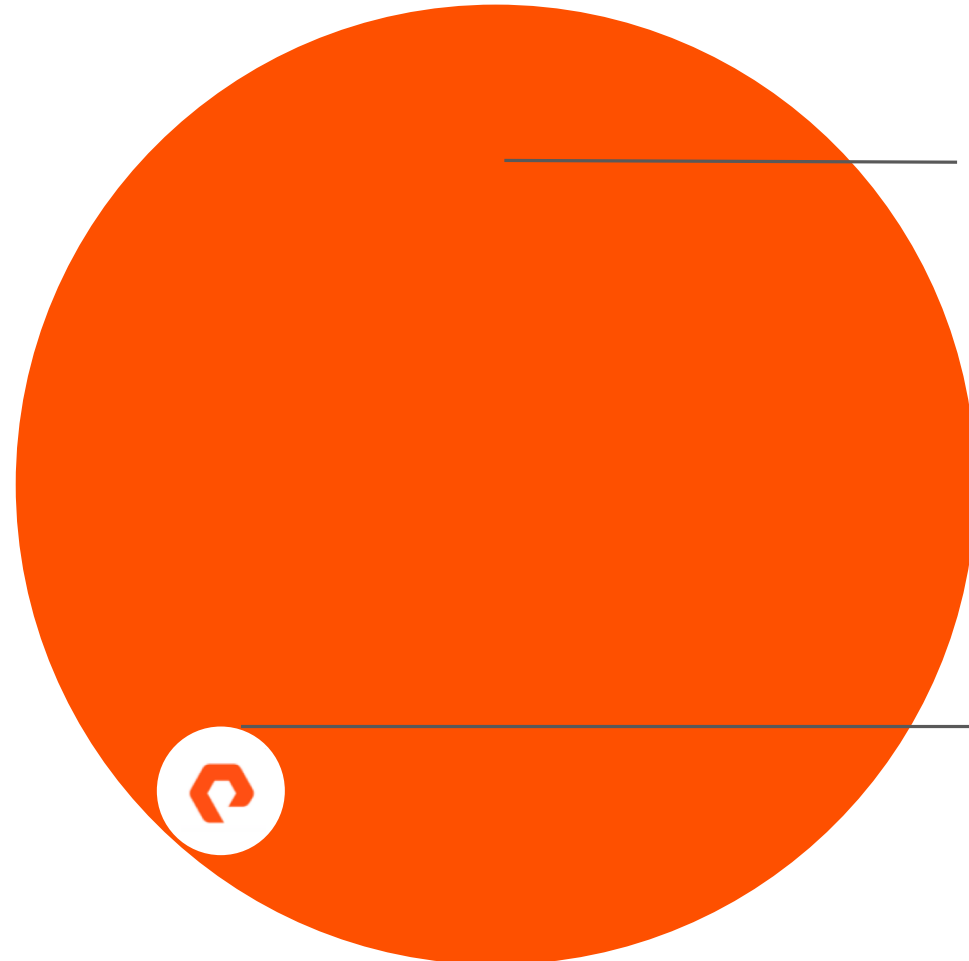
This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided reconciliations of those measures to the most directly comparable GAAP measures, which are available in the Appendix. We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because items such as stock-based compensation expense and payroll tax expense related to stock-based activities that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

\$35B TAM

SUBSTANTIAL MOMENTUM WITH LARGE OPPORTUNITY AHEAD

FOCUSED ON MARKETS THAT MATTER

- I. TOP CLOUD COMPANIES
- II. NEXT-GEN OPPORTUNITIES
- III. CLOUD-IFICATION OF IT



\$35B

Storage and Storage Software Spend

\$1.3B

Pure Revenue FY2019

Q2 FY19 KEY HIGHLIGHTS

TAM

+\$35B



+500 Leading Clouds



Next-Generation Data



Cloud-ification of IT

Growth

\$309M

Total revenue,
up **37%** Y/Y

26%

Revenue from
International

Customers

>5,150

>350 adds Q/Q, 39% growth Y/Y

~\$12

Incremental purchases from top
25 customers within 18 months of
initial purchase of \$1

>\$2

Incremental purchases from all
customers within 24 months of
initial purchase of \$1

>35%
of Fortune 500

~30%

Cloud customers (SaaS, IaaS, &
consumer cloud)

Liquidity

\$1.1B

Cash and investments at quarter end

Leverage

GAAP

66.7%

Gross margin
(+0.7 ppts Y/Y)

+9.2 ppts

Y/Y improvement in
operating margin

\$8.5M

Cash flow from
operations
(+2.7% of revenue)

Non-GAAP

68.0%*

Gross margin
(+0.8 ppts Y/Y)

+10.6 ppts*

Y/Y improvement in
operating margin

\$-18.9M*

Free cash flow
excluding ESPP impact
(-6.1% of revenue)

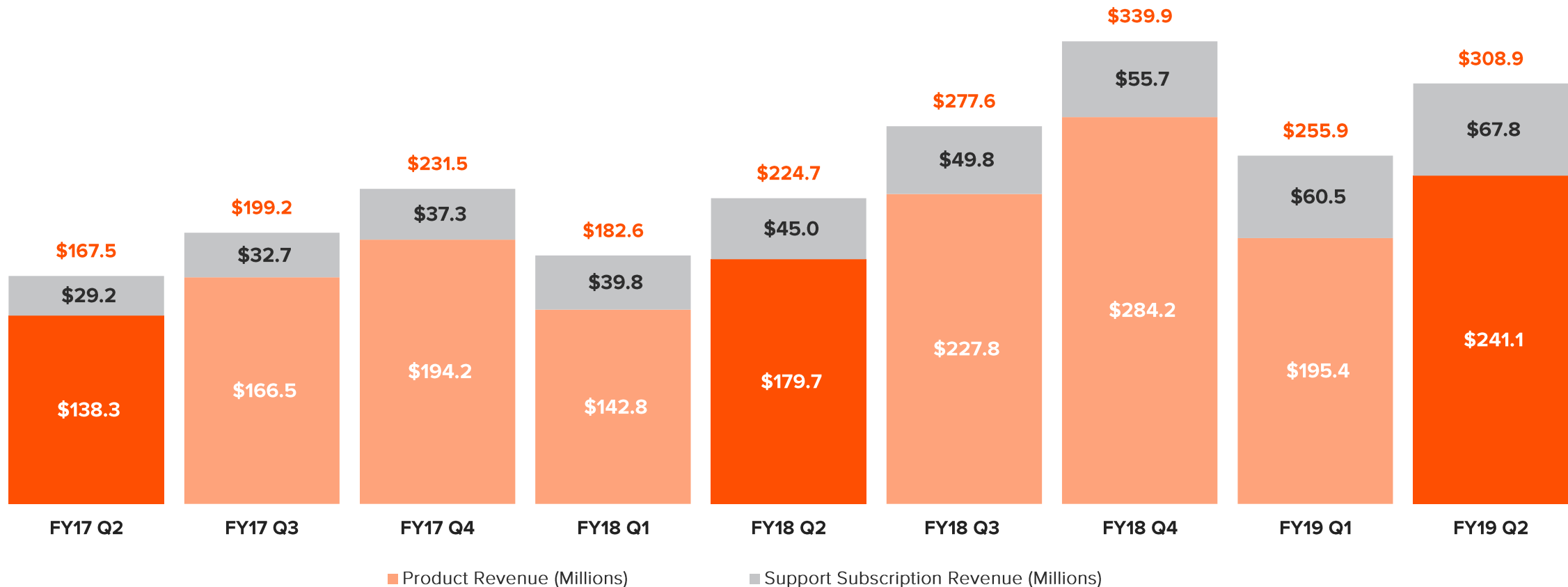
* See GAAP to non-GAAP reconciliation in our appendix

QUARTERLY REVENUE

Prior period revenue has been adjusted to reflect adoption impact of ASC 606, which we adopted in FY19 Q1.

+37%

Q2 FY19 Y/Y TOTAL REVENUE GROWTH



CUSTOMERS

>5,150

NUMBER OF CUSTOMERS TO DATE

39%

Y/Y, >1,450 ADDS Y/Y

>350

ADDS Q/Q

~\$12

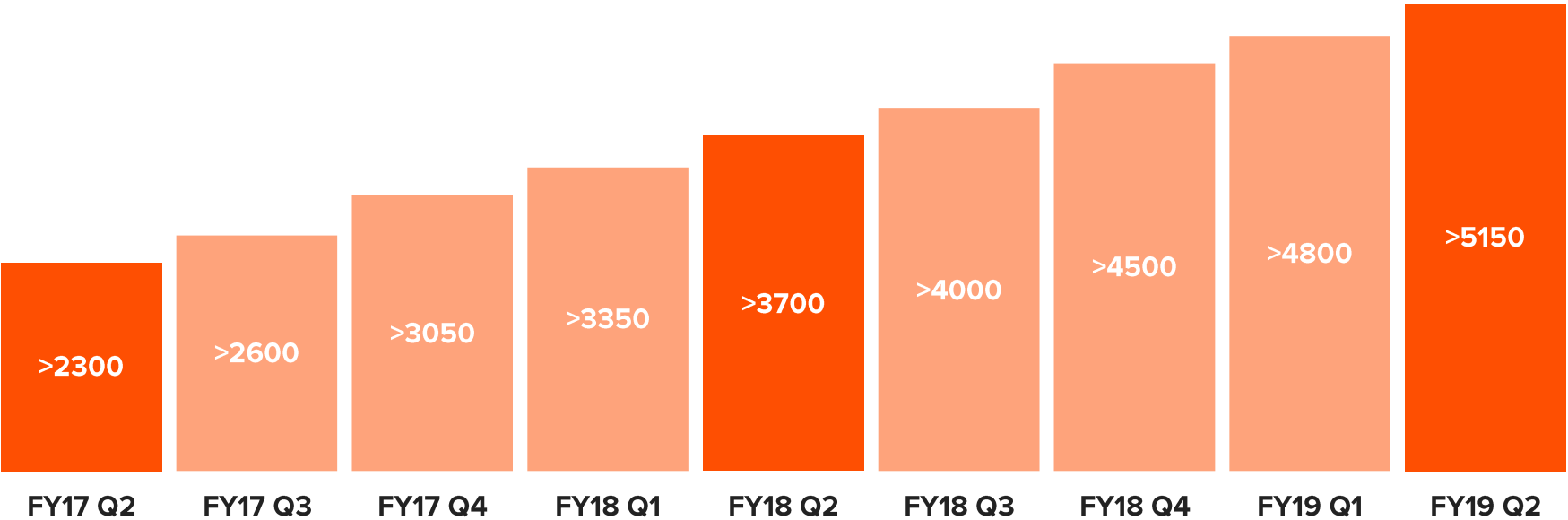
Incremental purchases from top 25 customers within 18 months of initial purchase of \$1

>\$2

Incremental purchases from all customers within 24 months of initial purchase of \$1

>35%

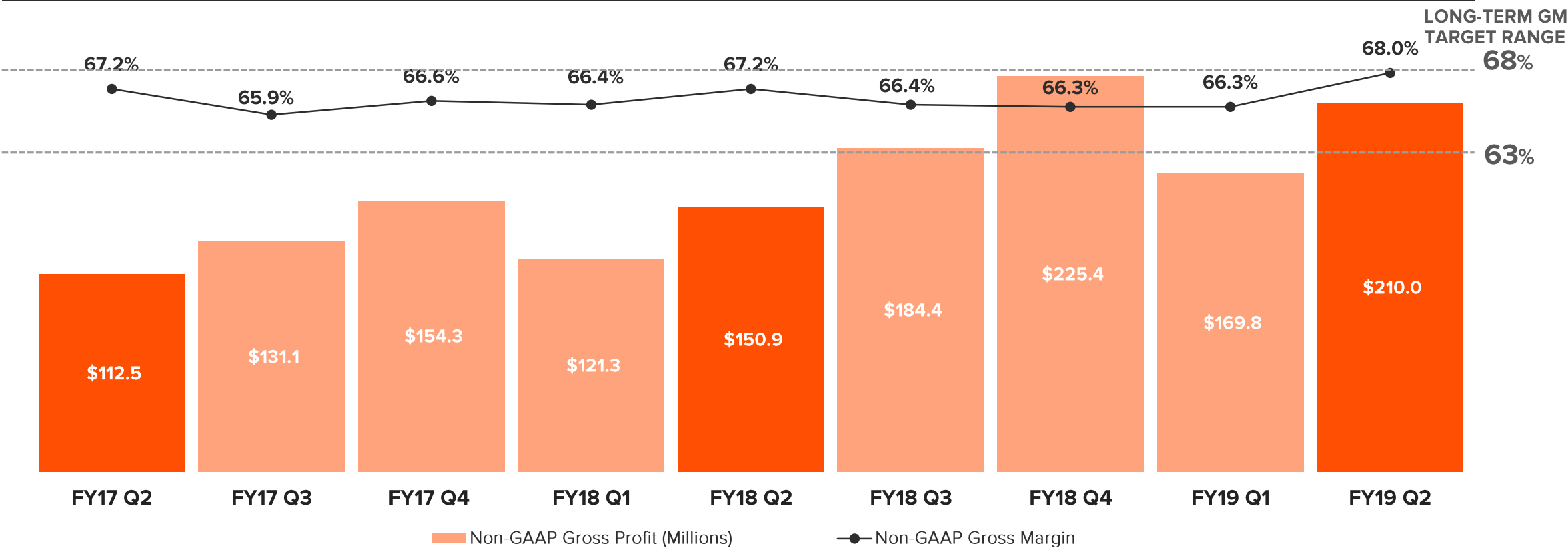
OF FORTUNE 500



Number of Customers

NON-GAAP GROSS MARGIN & PROFIT

Prior period information has been adjusted to reflect adoption impact of ASC 606, which we adopted in FY19 Q1.

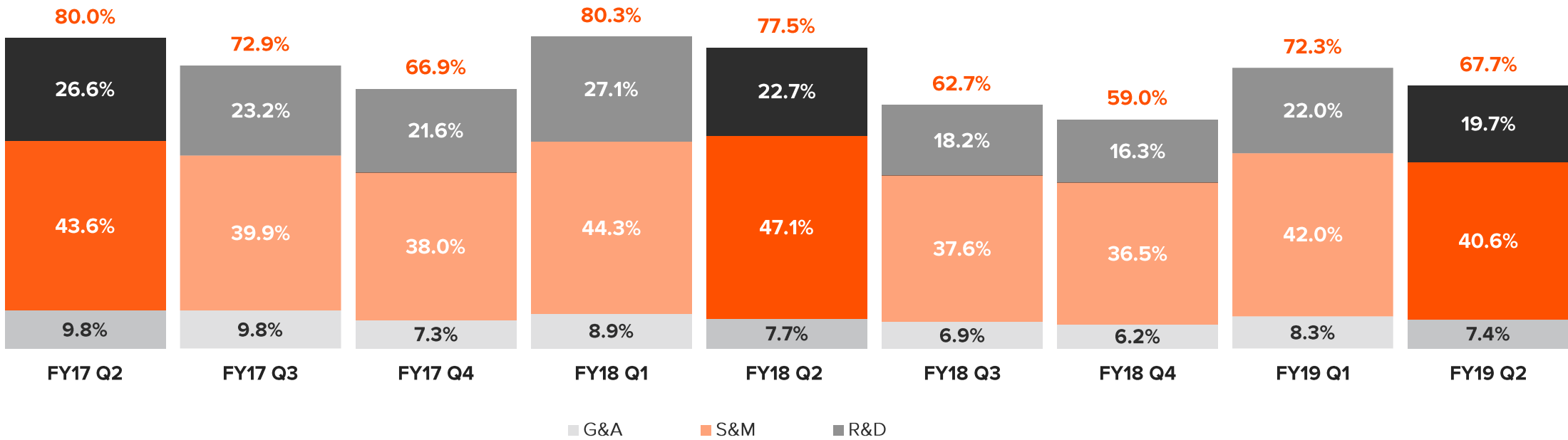


See GAAP to non-GAAP and ASC606 to ASC605 reconciliation in our appendix

NON-GAAP OPERATING EXPENSE

AS A PERCENTAGE OF REVENUE

Prior period information has been adjusted to reflect adoption impact of ASC 606, which we adopted in FY19 Q1.



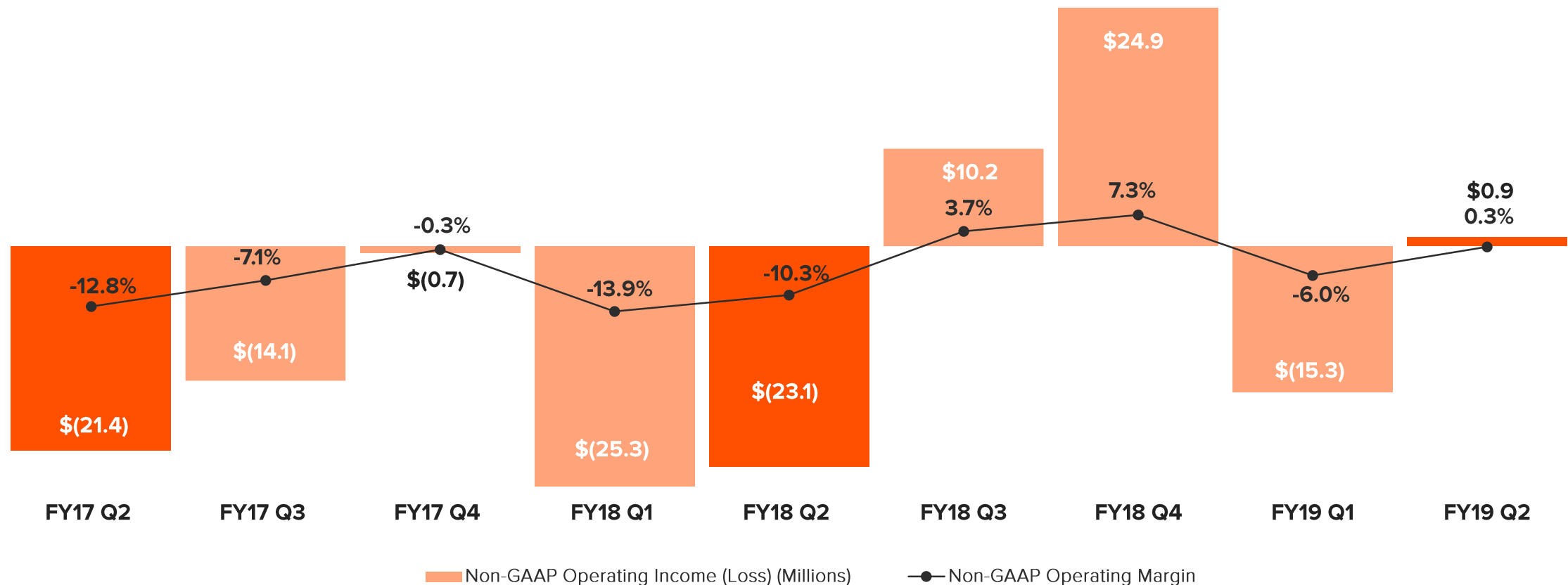
See GAAP to non-GAAP and ASC606 to ASC605 reconciliation in our appendix

NON-GAAP OPERATING MARGIN AND PROFIT

+10.6

Prior period information has been adjusted to reflect adoption impact of ASC 606, which we adopted in FY19 Q1.

Y/Y PPTS IMPROVEMENT

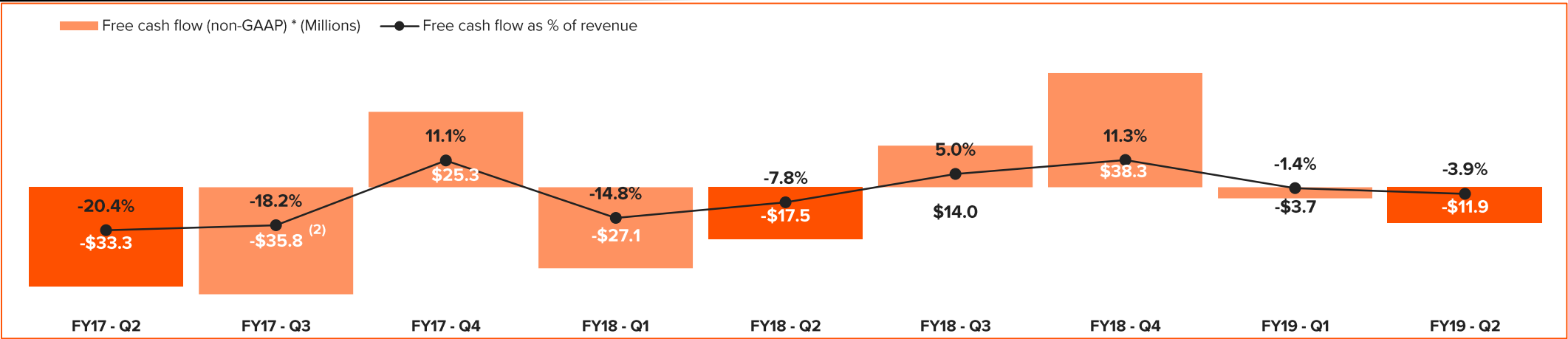


See GAAP to non-GAAP and ASC606 to ASC605 reconciliation in our appendix

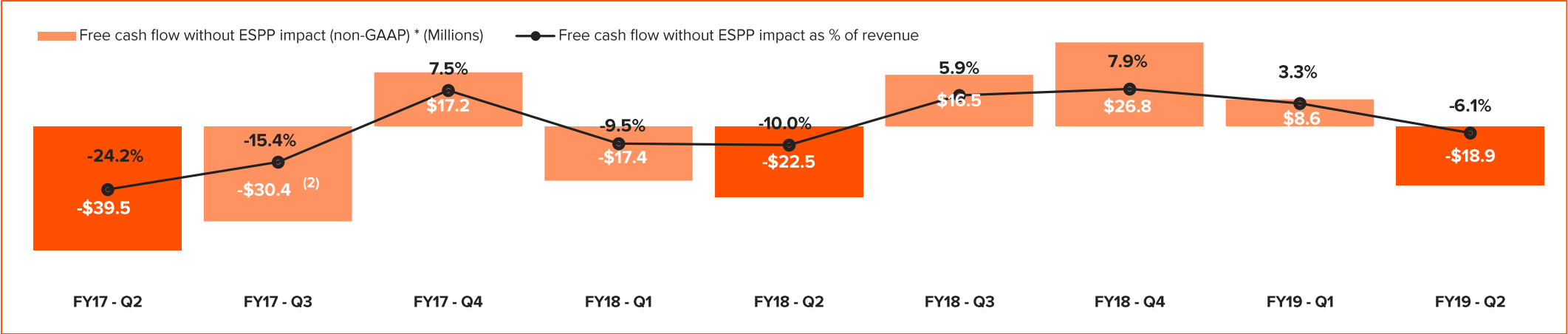
FREE CASH FLOW (FCF)

\$-18.9M
FCF EXCLUDING ESPP IMPACT

Free Cash Flow ⁽¹⁾



Free Cash Flow ⁽¹⁾
(excluding ESPP Impact)



(1.) See GAAP to non-GAAP reconciliation in our appendix.
(2.) Excludes a one-time \$30.0 million legal settlement charge.

GUIDANCE

	Q3 FY19	FY19
Revenue	\$361M to \$369M	\$1.35B to \$1.38B
Non-GAAP Gross Margin ⁽¹⁾	64.5% to 67.5%	65.5% to 67.5%
Non-GAAP Operating Margin ⁽¹⁾	4.0% to 8.0%	2.5% to 4.5%

(1) We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because items such as stock-based compensation expense and payroll tax expense related to stock-based activities that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

LONG-TERM TARGET OPERATING MODEL

NON-GAAP

As a % of Revenue (Non-GAAP)	Q2 FY19	TARGET MODEL
Gross Margin	68.0%	63 – 68%
R&D	19.7%	15 – 20%
S&M	40.6%	25 – 30%
G&A	7.4%	5 – 7%
Operating Margin	0.3%	15 – 20%

APPENDIX

Q2 FISCAL 2019 RESULTS

REVENUE

ASC 606 TO ASC 605 RECONCILIATION

	Fiscal Quarter																	
(\$ in Millions)	Q2 FY17	(%)	Q3 FY17	(%)	Q4 FY17	(%)	Q1 FY18	(%)	Q2 FY18	(%)	Q3 FY18	(%)	Q4 FY18	(%)	Q1 FY19	(%)	Q2 FY19	(%)
Product revenue - ASC 606	\$138.3	82.6%	\$166.5	83.6%	\$194.2	83.9%	\$142.8	78.2%	\$179.7	80.0%	\$227.8	82.1%	\$284.2	83.6%	\$195.4	76.4%	\$241.1	78.1%
Less: ASC 606 adoption impact	-7.4	-2.4%	-6.0	-2.1%	-7.4	-1.9%	-4.4	-2.4%	-4.7	-2.0%	-4.6	-1.7%	-6.8	-1.6%	n/a	n/a	n/a	n/a
Product revenue - As previously reported under ASC 605	\$130.9	80.2%	\$160.5	81.5%	\$186.8	82.0%	\$138.4	75.8%	\$175.0	78.0%	\$223.2	80.4%	\$277.4	82.0%	n/a	n/a	n/a	n/a
Support subscription revenue - ASC 606	\$29.2	17.4%	\$32.7	16.4%	\$37.3	16.1%	\$39.8	21.8%	\$45.0	20.0%	\$49.8	17.9%	\$55.7	16.4%	\$60.5	23.6%	\$67.8	21.9%
Less: ASC 606 adoption impact	3.1	2.4%	3.7	2.1%	3.7	1.9%	4.4	2.4%	4.4	2.0%	4.7	1.7%	5.2	1.6%	n/a	n/a	n/a	n/a
Support subscription revenue - As previously reported under ASC 605	\$32.3	19.8%	\$36.4	18.5%	\$41.0	18.0%	\$44.2	24.2%	\$49.4	22.0%	\$54.5	19.6%	\$60.9	18.0%	n/a	n/a	n/a	n/a
Total revenue - ASC 606	\$167.5	100.0%	\$199.2	100.0%	\$231.5	100.0%	\$182.6	100.0%	\$224.7	100.0%	\$277.6	100.0%	\$339.9	100.0%	\$255.9	100.0%	\$308.9	100.0%
Less: ASC 606 adoption impact	-4.3	0.0%	-2.2	0.0%	-3.7	0.0%	-	0.0%	-0.2	0.0%	0.1	0.0%	-1.6	0.0%	n/a	n/a	n/a	n/a
Total revenue - As previously reported under ASC 605	\$163.2	100.0%	\$197.0	100.0%	\$227.8	100.0%	\$182.6	100.0%	\$224.5	100.0%	\$277.7	100.0%	\$338.3	100.0%	n/a	n/a	n/a	n/a

GROSS MARGIN

GAAP TO NON-GAAP AND ASC 606 TO ASC 605 RECONCILIATION

	Fiscal Quarter																	
(\$ in Millions)	Q2 FY17	(%)	Q3 FY17	(%)	Q4 FY17	(%)	Q1 FY18	(%)	Q2 FY18	(%)	Q3 FY18	(%)	Q4 FY18	(%)	Q1 FY19	(%)	Q2 FY19	(%)
Product gross margin (GAAP) - ASC 606	\$95.4	69.0%	\$111.8	67.1%	\$131.7	67.8%	\$96.2	67.3%	\$122.4	68.1%	\$152.4	66.9%	\$188.2	66.2%	\$ 129.0	66.0%	\$ 162.9	67.5%
Add: SBC	0.2	0.2%	0.1	0.1%	0.2	0.1%	0.4	0.3%	0.4	0.2%	0.1	0.1%	0.7	0.3%	0.6	0.3%	0.7	0.4%
Add: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%	0.1	-%	-	-%
Product gross margin (non-GAAP) - ASC 606	\$95.6	69.2%	\$111.9	67.2%	\$131.9	67.9%	\$96.6	67.6%	\$122.8	68.3%	\$152.5	67.0%	\$188.9	66.5%	\$129.7	66.3%	\$163.6	67.9%
Less: ASC 606 adoption impact	-7.3	-1.8%	-6.0	-1.2%	-7.4	-1.3%	(4.4)	-1.0%	-4.7	-0.8%	-4.5	-0.7%	-6.8	-0.8%	n/a	n/a	n/a	n/a
Product gross margin (non-GAAP) - As previously reported under ASC 605	\$88.3	67.4%	\$105.9	66.0%	\$124.5	66.6%	\$92.2	66.6%	\$118.1	67.5%	\$148.0	66.3%	\$182.1	65.7%	n/a	n/a	n/a	n/a
Support subscription gross margin (GAAP) - ASC 606	\$15.2	52.1%	\$18.1	55.4%	\$20.8	55.6%	\$22.9	57.5%	\$25.8	57.4%	\$29.4	59.0%	\$33.7	60.5%	\$ 37.3	61.7%	\$ 43.3	63.9%
Add: SBC	1.7	5.8%	1.2	3.6%	1.7	4.5%	1.8	4.6%	2.2	4.9%	2.4	4.9%	2.6	4.7%	2.7	4.4%	2.9	4.3%
Add: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-	-%	0.1	0.2%	-	-%	0.1	0.2%	0.1	0.2%	0.2	0.2%
Support subscription gross margin (non-GAAP) - ASC 606	\$16.9	57.9%	\$19.3	59.0%	\$22.5	60.1%	\$24.7	62.1%	\$28.1	62.5%	\$31.8	63.9%	\$36.4	65.4%	\$40.1	66.3%	\$46.4	68.4%
Less: ASC 606 adoption impact	3.1	4.1%	3.7	4.2%	3.6	3.5%	4.4	3.7%	4.5	3.4%	4.7	3.1%	5.2	2.9%	n/a	n/a	n/a	n/a
Support subscription gross margin (non-GAAP) - As previously reported under ASC 605	\$20.0	62.0%	\$23.0	63.2%	\$26.1	63.6%	\$29.1	65.8%	\$32.6	65.9%	\$36.5	67.0%	\$41.6	68.3%	n/a	n/a	n/a	n/a
Total gross margin (GAAP) - ASC 606	\$110.6	66.0%	\$129.8	65.2%	\$152.4	65.8%	\$119.1	65.2%	\$148.2	66.0%	\$181.8	65.5%	\$221.9	65.3%	\$166.3	65.0%	\$206.2	66.7%
Add: SBC	1.9	1.2%	1.3	0.7%	1.9	0.8%	2.2	1.2%	2.6	1.2%	2.6	0.9%	3.4	1.0%	3.3	1.3%	3.6	1.2%
Add: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-	-%	0.1	-%	-	-%	0.1	-%	0.2	-%	0.2	0.1%
Total gross margin (non-GAAP) - ASC 606	\$112.5	67.2%	\$131.1	65.9%	\$154.3	66.6%	\$121.3	66.4%	\$150.9	67.2%	\$184.4	66.4%	\$225.4	66.3%	\$169.8	66.3%	\$210.0	68.0%
Less: ASC 606 adoption impact	-4.2	-0.9%	-2.1	-0.4%	-3.7	-0.5%	-	0.0%	-0.2	-0.1%	0.1	-%	-1.6	-0.1%	n/a	n/a	n/a	n/a
Total gross margin (non-GAAP) - As previously reported under ASC 605	\$108.3	66.3%	\$129.0	65.5%	\$150.6	66.1%	\$121.3	66.4%	\$150.7	67.1%	\$184.5	66.4%	\$223.8	66.2%	n/a	n/a	n/a	n/a

OPERATING EXPENSES, MARGIN & NET INCOME (LOSS)

GAAP TO NON-GAAP AND ASC 606 TO ASC 605 RECONCILIATION

	Fiscal Quarter																	
		As % of Total Revenue		As % of Total Revenue		As % of Total Revenue		As % of Total Revenue		As % of Total Revenue		As % of Total Revenue		As % of Total Revenue		As % of Total Revenue		As % of Total Revenue
(\$ in Millions)	Q2 FY17		Q3 FY17		Q4 FY17		Q1 FY18		Q2 FY18		Q3 FY18		Q4 FY18		Q1 FY19		Q2 FY19	
R&D (GAAP)	\$58.6	35.0%	\$61.6	30.9%	\$72.6	31.4%	\$65.4	35.8%	\$69.4	30.9%	\$68.9	24.8%	\$75.5	22.2%	\$78.5	30.7%	\$84.0	27.2%
Less: SBC	-14.0	-8.4%	-15.2	-7.7%	-22.6	-9.8%	-15.6	-8.5%	-18.0	-8.0%	-18.1	-6.5%	-19.6	-5.8%	-21.1	-8.3%	-22.3	-7.2%
Less: Payroll tax related to stock-based activities	-	-%	-0.1	-%	-0.1	-%	-0.3	-0.2%	-0.4	-0.2%	-0.4	-0.1%	-0.5	-0.1%	-1.1	-0.4%	-0.9	-0.3%
R&D (non-GAAP)	\$44.6	26.6%	\$46.3	23.2%	\$49.9	21.6%	\$49.5	27.1%	\$51.0	22.7%	\$50.4	18.2%	\$55.4	16.3%	\$56.3	22.0%	\$60.8	19.7%
S&M (GAAP) - ASC 606	\$81.8	48.8%	\$88.3	44.3%	\$98.0	42.4%	\$91.8	50.3%	\$117.6	52.3%	\$117.0	42.1%	\$137.8	40.5%	\$122.4	47.8%	\$143.8	46.5%
Less: SBC	-8.7	-5.2%	-8.5	-4.3%	-9.6	-4.1%	-10.6	-5.8%	-11.4	-5.1%	-12.1	-4.4%	-13.5	-3.9%	-13.9	-5.4%	-17.3	-5.6%
Less: Payroll tax related to stock-based activities	-0.1	-%	-0.4	-0.1%	-0.5	-0.3%	-0.2	-0.2%	-0.4	-0.1%	-0.4	-0.1%	-0.4	-0.1%	-1.1	-0.4%	-1.1	-0.3%
S&M (non-GAAP) - ASC 606	\$73.0	43.6%	\$79.4	39.9%	\$87.9	38.0%	\$81.0	44.3%	\$105.8	47.1%	\$104.5	37.6%	\$123.9	36.5%	\$107.4	42.0%	\$125.4	40.6%
Less: ASC 606 adoption impact	5.8	4.7%	3.1	2.0%	-	0.6%	5.1	2.9%	3.1	1.4%	12.3	4.5%	-4.5	-1.2%	n/a	n/a	n/a	n/a
S&M (non-GAAP) - As previously reported under ASC 605	\$78.8	48.3%	\$82.5	41.9%	\$87.9	38.6%	\$86.1	47.2%	\$108.9	48.5%	\$116.8	42.1%	\$119.4	35.3%	n/a	n/a	n/a	n/a
G&A (GAAP)	\$19.6	11.7%	\$22.8	11.4%	\$20.6	8.9%	\$20.1	11.0%	\$22.1	9.9%	\$25.4	9.1%	\$27.5	8.1%	\$27.3	10.7%	\$33.6	10.9%
Less: SBC	-3.3	-1.9%	-3.2	-1.6%	-3.5	-1.6%	-3.8	-2.1%	-4.8	-2.2%	-6.1	-2.2%	-6.3	-1.9%	-5.6	-2.2%	-10.5	-3.4%
Less: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-0.1	-%	-0.1	-%	-0.1	-%	-0.1	-%	-0.3	-0.2%	-0.2	-0.1%
G&A (non-GAAP)	\$16.3	9.8%	\$19.6	9.8%	\$17.1	7.3%	\$16.2	8.9%	\$17.2	7.7%	\$19.2	6.9%	\$21.1	6.2%	\$21.4	8.3%	\$22.9	7.4%
Charge related to a legal settlement (GAAP)	-	-%	\$30.0	15.1%	-	- %	-	-%	-	-%	-	-%	-	- %	-	- %	-	- %
Less: charge related to a legal settlement	-	-%	-\$30.0	-15.1%	-	- %	-	-%	-	-%	-	-%	-	- %	-	- %	-	- %
Charge related to a legal settlement (non-GAAP)	-	-%	-	-%	-	- %	-	-%	-	-%	-	-%	-	- %	-	- %	-	- %
Total operating expense (GAAP) - ASC 606	\$160.0	95.5%	\$202.7	101.8%	\$191.3	82.6%	\$177.3	97.1%	\$209.1	93.1%	\$211.3	76.1%	\$240.8	70.8%	\$228.2	89.2%	\$261.4	84.6%
Less: SBC	-26.0	-15.5%	-26.9	-13.5%	-35.7	-15.4%	-30.0	-16.4%	-34.2	-15.2%	-36.3	-13.1%	-39.4	-11.6%	-40.7	-15.9%	-50.1	-16.2%
Less: Payroll tax related to stock-based activities	-0.1	-%	-0.5	-0.3%	-0.6	-0.3%	-0.6	-0.4%	-0.9	-0.4%	-0.8	-0.3%	-0.9	-0.2%	-2.5	-1.0%	-2.2	-0.7%
Less: charge related to a legal settlement	-	-%	-30.0	-15.1%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%
Total operating expense (non-GAAP) - ASC 606	\$133.9	80.0%	\$145.3	72.9%	\$155.0	66.9%	\$146.7	80.3%	\$174.0	77.5%	\$174.2	62.7%	\$200.5	59.0%	\$185.0	72.3%	\$209.1	67.7%
Less: ASC 606 adoption impact	5.7	5.6%	3.1	2.4%	0.0	1.1%	5.1	2.8%	3.1	1.4%	12.3	4.5%	-4.7	-1.1%	n/a	n/a	n/a	n/a
Total operating expense (non-GAAP) - As previously reported under ASC 605	\$139.6	85.6%	\$148.4	75.3%	\$155.0	68.0%	\$151.8	83.1%	\$177.1	78.9%	\$186.5	67.2%	\$195.8	57.9%	n/a	n/a	n/a	n/a
Operating loss (GAAP) - ASC 606	-\$49.4	-29.5%	-\$72.9	-36.6%	-\$38.9	-16.8%	-\$58.2	-31.9%	-\$60.9	-27.1%	-\$29.6	-10.7%	-\$18.8	-5.5%	-\$61.9	-24.2%	-\$55.2	-17.9%
Add: SBC	27.9	16.7%	28.2	14.2%	37.6	16.2%	32.2	17.7%	36.8	16.4%	39.0	14.0%	42.8	12.6%	43.9	17.2%	53.7	17.4%
Add: Payroll tax related to stock-based activities	0.1	0.0%	0.6	0.2%	0.6	0.3%	0.7	0.3%	1.0	0.4%	0.8	0.4%	0.9	0.2%	2.7	1.0%	2.4	0.8%
Add: charge related to a legal settlement	-	-%	30.0	15.1%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%
Operating income (loss) (non-GAAP) - ASC 606	-\$21.4	-12.8%	-\$14.1	-7.1%	-\$0.7	-0.3%	-\$25.3	-13.9%	-\$23.1	-10.3%	\$10.2	3.7%	\$24.9	7.3%	-\$15.3	-6.0%	\$0.9	0.3%
Less: ASC 606 adoption impact	-10.0	-6.5%	-5.3	-2.7%	-3.7	-1.6%	-5.2	-2.8%	-3.3	-1.5%	-12.3	-4.4%	3.0	1.0%	n/a	n/a	n/a	n/a
Operating income (loss) (non-GAAP) - As previously reported under ASC 605	-\$31.4	-19.3%	-\$19.4	-9.8%	-\$4.4	-1.9%	-\$30.5	-16.7%	-\$26.4	-11.8%	-\$2.1	-0.7%	\$27.9	8.3%	n/a	n/a	n/a	n/a
Net loss (GAAP) - ASC 606	-\$49.5	-29.6%	-\$73.5	-36.9%	-\$39.3	-17.0%	-\$57.2	-31.3%	-\$58.4	-26.0%	-\$29.4	-10.6%	-\$14.9	-4.4%	-\$64.3	-25.1%	-\$60.1	-19.5%
Add: SBC	27.9	16.7%	28.2	14.2%	37.6	16.2%	32.2	17.6%	36.8	16.4%	39.0	14.0%	42.8	12.6%	43.9	17.2%	53.7	17.4%
Add: Payroll tax related to stock-based activities	0.1	0.1%	0.6	0.2%	0.6	0.3%	0.7	0.4%	1.0	0.4%	0.8	0.3%	0.9	0.3%	2.7	1.0%	2.4	0.8%
Add: charge related to a legal settlement	-	-%	30.0	15.1%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%
Add: amortization of debt discount and debt issuance costs	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%	-	-%	1.5	0.6%	6.4	2.1%
Net income (loss) (non-GAAP) - ASC 606	-\$21.5	-12.8%	-\$14.7	-7.4%	-\$1.1	-0.5%	-\$24.3	-13.3%	-\$20.6	-9.2%	\$10.4	3.7%	\$28.8	8.5%	-\$16.2	-6.3%	\$2.4	0.8%
Less: ASC 606 adoption impact	-10.0	-6.5%	-5.3	-2.8%	-3.7	-1.6%	-5.2	-2.9%	-3.3	-1.5%	-12.3	-4.4%	3.0	0.9%	n/a	n/a	n/a	n/a
Net income (loss) (non-GAAP) - As previously reported under ASC 605	-\$31.5	-19.3%	-\$20.0	-10.2%	-\$4.8	-2.1%	-\$29.5	-16.2%	-\$23.9	-10.7%	-\$1.9	-0.7%	\$31.8	9.4%	n/a	n/a	n/a	n/a

FREE CASH FLOW

GAAP TO NON-GAAP RECONCILIATION

	Fiscal Quarter									
<i>(\$ in millions)</i>	<u>Q2 FY17</u>	<u>Q3 FY17</u>	<u>Q4 FY17</u>	<u>Q1 FY18</u>	<u>Q2 FY18</u>	<u>Q3 FY18</u>	<u>Q4 FY18</u>	<u>Q1 FY19</u>	<u>Q2 FY19</u>	
Cash provided by (used in) operations (GAAP)	-\$11.6	-\$47.3	\$37.5	-\$14.3	-\$0.2	\$28.2	\$59.0	\$18.6	\$8.5	
Less: Capital expenditures	-21.7	-18.5	-12.2	-12.8	-17.3	-14.2	-20.7	-22.3	-20.4	
Plus: Cash charge related to a legal settlement	-	30.0	-	-	-	-	-	-	-	
Free cash flow (non-GAAP)	-33.3	-35.8	25.3	-27.1	-17.5	14.0	38.3	-3.7	-11.9	
Adjust: ESPP impact	-6.2	5.4	-8.1	9.7	-5.0	2.5	-11.5	12.3	-7.0	
Free cash flow w/out ESPP Impact (non-GAAP)	-\$39.5	-\$30.4	\$17.2	-\$17.4	-\$22.5	\$16.5	\$26.8	\$8.6	-\$18.9	
Free cash flow as % of revenue	-20.4%	-18.2%	11.1%	-14.8%	-7.8%	5.0%	11.3%	-1.4%	-3.9%	
Free cash flow without ESPP impact as % of revenue	-24.2%	-15.4%	7.5%	-9.5%	-10.0%	5.9%	7.9%	3.3%	-6.1%	

