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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.

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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 %
<b>Imputed Software Value on Bookings</b>	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%
<b>Rule of 40</b>	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%
<b>New Customer Adds</b>	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%
<b>Personal Performance</b>	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
<b>Imputed Software Value on Bookings</b>	81.5%	0%	50%	0%
<b>Rule of 40</b>	36.5%	0%	15%	0%
<b>New Customer Adds</b>	67.9%	0%	15%	0%
<b>Personal Performance</b>	N/A	0%	20%	0%
			<b>Total:</b>	<b>0%</b>

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.

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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 <sup>(1)</sup>	Grant Date Fair Value of RSUs <sup>(2)</sup>	Number of PRSUs	Grant Date Fair Value of PRSUs <sup>(3)</sup>
<a href="#">Dheeraj Pandey</a>	100,000	\$3,944,000	100,000 <sup>(4)</sup>	\$2,516,000
<a href="#">Duston M. Williams</a>	100,000	\$3,944,000	—	—
<a href="#">David M. Sangster</a>	100,000	\$3,944,000	—	—
<a href="#">Tyler Wall</a>	—	—	—	—
<a href="#">Louis J. Attanasio</a>	—	—	—	—
<a href="#">Sunil Potti</a>	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