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8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA

10	_____ )	Case No.
11	Individually and on Behalf of All Others )	
	Similarly Situated, )	<u>CLASS ACTION</u>
12	Plaintiff, )	
13	vs. )	COMPLAINT FOR VIOLATIONS OF THE
		FEDERAL SECURITIES LAWS
14	NIMBLE STORAGE, INC., SURESH )	
15	VASUDEVAN and ANUP V. SINGH, )	
	Defendants. )	
16	_____ )	<u>DEMAND FOR JURY TRIAL</u>

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1 Plaintiff (defined below) has alleged the following based upon the investigation of plaintiff's  
2 counsel, which included a review of United States Securities and Exchange Commission ("SEC")  
3 filings by Nimble Storage, Inc. ("Nimble Storage" or the "Company"), as well as regulatory filings  
4 and reports, securities analysts' reports and advisories about the Company, press releases and other  
5 public statements issued by the Company, and media reports about the Company, and plaintiff  
6 believes that substantial additional evidentiary support will exist for the allegations set forth herein  
7 after a reasonable opportunity for discovery.

#### 8 **NATURE OF THE ACTION**

9 1. This is a securities class action on behalf of purchasers of the common stock of  
10 Nimble Storage between May 27, 2015 and November 19, 2015, inclusive (the "Class Period"),  
11 seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

#### 12 **JURISDICTION AND VENUE**

13 2. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C.  
14 §1331 and §27 of the Exchange Act [15 U.S.C. §78aa].

15 3. Venue is proper pursuant to §27 of the Exchange Act, as many of the acts and  
16 conduct complained of herein occurred in this District and the Company is headquartered in this  
17 District.

18 4. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the  
19 Exchange Act [15 U.S.C. §§78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC  
20 [17 C.F.R. §240.10b-5].

21 5. In connection with the acts alleged in this Complaint, defendants (defined below),  
22 directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not  
23 limited to, the mails, interstate telephone communications and the facilities of the national securities  
24 markets.

#### 25 **PARTIES**

26 6. Plaintiff \_\_\_\_\_, as set forth in the accompanying certification,  
27 incorporated by reference herein, purchased the common stock of Nimble Storage during the Class  
28 Period and has been damaged thereby.

1           7. Defendant Nimble Storage provides flash-optimized storage platforms.

2           8. (a) Defendant Suresh Vasudevan (“Vasudevan”) is, and was at all relevant times,  
3 the Company’s Chairman, Chief Executive Officer, and President.

4           (b) Defendant Anup V. Singh (“Singh”) is, and was at all relevant times, the  
5 Company’s Chief Financial Officer.

6           (c) Defendants Vasudevan and Singh are collectively referred to herein as the  
7 “Individual Defendants.”

8           9. Because of the Individual Defendants’ positions with the Company, they had access  
9 to the adverse undisclosed information about the Company’s business, operations, operational  
10 trends, financial statements, markets and present and future business prospects via access to internal  
11 corporate documents (including the Company’s operating plans, budgets and forecasts and reports of  
12 actual operations compared thereto), conversations and connections with other corporate officers and  
13 employees, attendance at management and board of directors meetings and committees thereof and  
14 via reports and other information provided to them in connection therewith.

15          10. It is appropriate to treat the Individual Defendants as a group for pleading purposes  
16 and to presume that the false, misleading and incomplete information conveyed in the Company’s  
17 public filings, press releases and other publications as alleged herein are the collective actions of the  
18 narrowly defined group of defendants. Each of the above officers of Nimble Storage, by virtue of  
19 their high-level positions with the Company, directly participated in the management of the  
20 Company, was directly involved in the day-to-day operations of the Company at the highest levels  
21 and was privy to confidential proprietary information concerning the Company and its business,  
22 operations, growth, financial statements, and financial condition, as alleged herein. Said defendants  
23 were involved in drafting, producing, reviewing and/or disseminating the false and misleading  
24 statements and information alleged herein, were aware, or recklessly disregarded, that the false and  
25 misleading statements were being issued regarding the Company, and approved or ratified these  
26 statements, in violation of the federal securities laws.

27          11. As officers and controlling persons of a publicly-held company whose shares were,  
28 and are, registered with the SEC pursuant to the Exchange Act, and were, and are, traded over the

1 New York Stock Exchange (“NYSE”), and governed by the provisions of the federal securities laws,  
2 the Individual Defendants each had a duty to promptly disseminate accurate and truthful information  
3 with respect to the Company’s financial condition and performance, growth, operations, financial  
4 statements, business, markets, management, earnings and present and future business prospects, and  
5 to correct any previously-issued statements that had become materially misleading or untrue, so that  
6 the market price of Nimble Storage publicly-traded shares would be based upon truthful and accurate  
7 information. The Individual Defendants’ misrepresentations and omissions during the Class Period  
8 violated these specific requirements and obligations.

9       12. The Individual Defendants participated in the drafting, preparation, and/or approval  
10 of the various public and shareholder and investor reports and other communications complained of  
11 herein and were aware of, or recklessly disregarded, the misstatements contained therein and  
12 omissions therefrom, and were aware of their materially false and misleading nature. Because of  
13 their board membership and/or executive and managerial positions with Nimble Storage, each of the  
14 Individual Defendants had access to the adverse undisclosed information about Nimble Storage’s  
15 business prospects and financial condition and performance as particularized herein and knew (or  
16 recklessly disregarded) that these adverse facts rendered the positive representations made by or  
17 about Nimble Storage and its business issued or adopted by the Company materially false and  
18 misleading.

19       13. The Individual Defendants, because of their positions of control and authority as  
20 officers and/or directors of the Company, were able to and did control the content of the various SEC  
21 filings, press releases and other public statements pertaining to the Company during the Class  
22 Period. Each Individual Defendant was provided with copies of the documents alleged herein to be  
23 misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent  
24 their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is  
25 responsible for the accuracy of the public reports and releases detailed herein and is therefore  
26 primarily liable for the representations contained therein.

27       14. Each of the defendants is liable as a participant in a fraudulent scheme and course of  
28 business that operated as a fraud or deceit on purchasers of Nimble Storage common stock by

1 disseminating materially false and misleading statements and/or concealing material adverse facts.  
2 The scheme: (i) deceived the investing public regarding Nimble Storage’s business, operations,  
3 management and the intrinsic value of Nimble Storage common stock; (ii) enabled certain Company  
4 insiders to collectively sell 1,121,494 shares of their personally-held Nimble Storage common stock  
5 for gross proceeds in excess of \$31.4 million; and (iii) caused plaintiff and other members of the  
6 Class to purchase Nimble Storage common stock at artificially inflated prices.

7 **CLASS ACTION ALLEGATIONS**

8 15. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
9 Procedure 23(a) and (b)(3) on behalf of a class consisting of all those who purchased the common  
10 stock of Nimble Storage during the Class Period and who were damaged thereby (the “Class”).  
11 Excluded from the Class are defendants and their families, the officers and directors of the  
12 Company, at all relevant times, members of their immediate families and their legal representatives,  
13 heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

14 16. The members of the Class are so numerous that joinder of all members is  
15 impracticable. Throughout the Class Period, Nimble Storage common stock was actively traded on  
16 the NYSE. While the exact number of Class members is unknown to plaintiff at this time and can  
17 only be ascertained through appropriate discovery, plaintiff believes that there are hundreds, if not  
18 thousands of members in the proposed Class. Record owners and other members of the Class may  
19 be identified from records maintained by Nimble Storage or its transfer agent and may be notified of  
20 the pendency of this action by mail, using the form of notice similar to that customarily used in  
21 securities class actions.

22 17. Plaintiff’s claims are typical of the claims of the members of the Class as all members  
23 of the Class are similarly affected by defendants’ wrongful conduct in violation of federal law  
24 complained of herein.

25 18. Plaintiff will fairly and adequately protect the interests of the members of the Class  
26 and has retained counsel competent and experienced in class action and securities litigation.



1 products, which include the CS300, CS500, and CS700. The Company's Fibre Channel products  
2 were designed to compete for the business of large enterprises who require products that support this  
3 technology.

4 24. By at least the start of the Class Period, Nimble Storage was being negatively  
5 impacted by intense competition from well-entrenched, large competitors who were slashing prices  
6 in order to maintain market share. Nimble Storage had made a conscious decision to focus its sales  
7 and marketing efforts towards the Large Enterprises market and to reduce sales efforts in the U.S.  
8 Commercial market. As a result of this change in sales strategy and the intense price competition,  
9 Nimble Storage lost sales in both sales channels.

10 25. The Class Period commences on May 27, 2015. On May 26, 2015, after the close of  
11 the markets, Nimble Storage issued a press release announcing its financial results for the fiscal first  
12 quarter of 2016, the period ending April 30, 2015. For the quarter, the Company reported total  
13 revenue of \$71.3 million, non-GAAP gross margin of 67.6%, a non-GAAP operating loss of \$7.9M  
14 or negative 11% of revenue, and a GAAP net loss of \$29.0 million, or \$0.38 per basic and diluted  
15 share. Defendant Vasudevan, commenting on the results, stated, in pertinent part, as follows:

16 As enterprises aim to consolidate storage infrastructure to contain cost and  
17 complexity, while still delivering tailored service levels for hundreds of business-  
18 enabling applications, we believe that we stand alone in our ability to address the  
19 broadest spectrum of requirements among next-generation flash-optimized storage  
20 platforms. Our Q1 results serve as evidence of our continued momentum. During the  
21 quarter, we added 542 new customers, more than doubled our bookings from  
22 enterprise and service provider customers, and achieved record bookings contribution  
23 from current customers expanding their Nimble installations.

24 26. Defendant Singh added, in pertinent part, as follows:

25 Revenue grew 53% from prior year at record high non-GAAP gross margins which  
26 remained industry leading at 67.6%. Operating margins improved to negative 11%  
27 compared to negative 22% in Q1 last year, and ***we are confident and remain on***  
28 ***track to achieve non-GAAP operating income break-even by the end of the current***  
***fiscal year.*** [Emphasis added.]

29 27. Following the press release, on May 26, 2015, Nimble held a conference call with  
30 analysts and investors to discuss the Company's earnings and operations. With regard to customer  
31 acquisitions, defendant Vasudevan, stated, in pertinent part:

32 During Q1, we maintained our momentum of driving new customer acquisitions as  
33 we added 542 new customers, to end with an installed base of 5,521 customers. Our

1 channel relationships have been key to our ability to add new customers. In the US,  
2 our channel programs have been focused on enablement of existing partners, even as  
3 we continue to focus on partner recruitment in international markets. This is yielding  
strong results as the number of new customers we added where our channel partners  
are playing the lead role reached record levels during Q1.

4 A key highlight of Q1 is the strong momentum that we saw with large deals.  
5 Bookings from deals over \$100,000 grew at 142% compared to Q1 last year. And  
6 bookings from deals over \$250,000 more than quadrupled compared to Q1 of last  
year.

7 A major driver of the growth in large deals is the momentum we are seeing in  
8 penetrating large enterprises. Our bookings from the enterprise segment more than  
doubled during Q1 on a year-over-year basis, with dozens of significant enterprise  
wins.

9 \* \* \*

10 As anticipated, our Fibre Channel product is helping to drive our enterprise adoption  
11 as it is breaking down barriers to adoption within large enterprises. And it's driving  
much larger deal sizes on average. During Q1, Fibre Channel accounted for 14% of  
12 our total bookings.

13 28. With regard to the Company's guidance for the fiscal second quarter of 2016,  
14 defendant Singh stated, in pertinent part, as follows:

15 We are pleased with the progress we're making in our business model, and our  
16 strategy is to continue to drive strong growth in the top line along with improved  
leverage in the bottom line. ***We remain on track to achieve our goal of breakeven  
non-GAAP operating income at the end of FY16.*** [Emphasis added.]

17 29. In response to a questions regarding the Company's sales strategy, defendant  
18 Vasudevan stated, in pertinent part, as follows:

19 Katy, I would say the top priorities for Denis are no different than the top priorities  
20 that we as an organization have been executing to. It's really threefold, the first one  
being drive growth in large enterprise and cloud service providers as a component of  
21 our total business.

22 Second, even as we do that, make sure that we are continuing to drive customer  
acquisition at a rapid pace by leveraging our channel partners. And third is continue  
23 to grow our international footprint.

24 What comes in to help our growth if we do these three things well is the fact that the  
loyalty that we see within our customer base drives up overall growth from existing  
25 customers. So, it's really very simple. That's what we have been executing to.

26 \* \* \*

27 AARON RAKERS, ANALYST, STIFEL NICOLAUS: Yes, thanks for taking the  
28 questions and congratulations on the quarter. I want to go back to Brian's question.  
Last quarter you talked about 83 customers deploying Fibre Channel, I think 70% of



1 which were new. I think when you had launched the Fibre Channel product you  
2 talked about a 4X expansion in your addressable market opportunity.

3 What I'm hearing now it seems like we shouldn't necessarily look at it that way. It  
4 seems like the protocol isn't as important. And I'm just trying to understand, back to  
5 Brian's question, is if you look at 14% as a proxy of revenue it would look like your  
6 iSCSI revenue growth has slowed a bit.

7 I just want to be a little bit more clear. Is that -- we shouldn't care as much about the  
8 protocol? Or is it all about sales capacity and these guys are focused on Fibre  
9 Channel today? I'm just trying to understand the context of that a little bit better.

10 SURESH VASUDEVAN: Sure. No, absolutely. Let me start by saying when I said  
11 the protocol is not a fundamental part of the conversation, if we didn't have Fibre  
12 Channel it would be the reason why we did not win many of our enterprise deals. So  
13 in that sense, Fibre Channel absolutely expanded our TAM. It's absolutely helping  
14 us land major enterprise wins. It's helping us land larger deals that we otherwise  
15 would not have won.

16 Even this quarter more than 70% of our Fibre Channel customers were new to  
17 Nimble customers. So, that part remains very much true: the protocol is extremely  
18 important in that without it we cannot sell to our customers.

19 Having the protocol itself is not enough to win. It goes back to the fundamentals of  
20 our platform and our value proposition. That's what we win on the strength of once  
21 we have the protocol.

22 Now, the second part of your question was how should we think about Fibre Channel  
23 and relative to iSCSI. I'll go back to what I said which is, given a certain number of  
24 sales reps, the way to think about Fibre Channel is they are now able to work on  
25 larger deals than they would have been able to do with iSCSI alone, and the win rates  
26 are higher. So, given a fixed number of sales reps, the number of deals they can do is  
27 slightly larger and the size of the deals is larger. And that's what's driving our  
28 growth.

29 But to think that all the Fibre Channel deals are on top of all of the other deals that  
30 they would have otherwise done, would be a [faulty]. So, the way to think about it  
31 is it's allowing us to get more productive and it's allowing us to keep investing in  
32 sales capacity such that the more reps we have the more we are able to drive  
33 bookings, if you will.

34 AARON RAKERS: So, put another way, there's opportunities in iSCSI that aren't  
35 necessarily being fulfilled because they're focused on Fibre Channel.

36 SURESH VASUDEVAN: That's right. The way to think about it is there are  
37 opportunities in iSCSI that are not being able to be fulfilled, there are opportunities  
38 in Fibre Channel that we won't get to until we keep adding sales capacity over time.  
39 And the way we think about sales capacity, every quarter we add a certain number of  
40 sales reps, but we only add so many such that we can still drive operating leverage  
41 and drive growth over time rather than short-term growth by just overloading on the  
42 number of sales reps we have on our books, if you will.

43 30. On August 25, 2015, after the close of the markets, Nimble Storage issued a press  
44 release announcing its financial results for the fiscal second quarter of 2016, the period ending July

1 31, 2015. For the quarter, the Company reported total revenue of \$80.1 million, non-GAAP gross  
2 margin of 67.8%, a non-GAAP operating loss of \$7.2 million or negative 9% of revenue, and a  
3 GAAP net loss of \$30.1 million, or \$0.38 per basic and diluted share. Defendant Vasudevan,  
4 commenting on the results, stated, in pertinent part, as follows:

5 As the storage industry continues to experience disruption from architectural shifts,  
6 our core belief that only the Adaptive Flash Platform can consolidate and  
7 dynamically optimize every enterprise application running across the data center  
8 remains our guiding principle. Q2 provided clear evidence of our continuing  
9 momentum. We added 690 new customers, a new quarterly record, delivered a broad  
range of enterprise-grade capabilities with Nimble OS 2.3, and were recognized with  
two prestigious awards, an industry award for the most innovative flash memory  
technology and an IT professional innovation leader award for hybrid HDD/SSD  
arrays.

10 31. Defendant Singh added, in pertinent part, as follows:

11 Q2 was another quarter of strong financial execution. Our industry leading gross  
12 margins reached another record high at 67.8%. We continued to drive improvement  
13 in our operating leverage, as operating margins improved by 11 percentage points  
compared to Q2 FY2015, while generating record cash flow from operations which  
was 19% of revenue this quarter.

14 32. With regard to the Company's outlook for the fiscal third quarter of 2016, the  
15 Company stated, in pertinent part, as follows:

16 Nimble Storage provides guidance based on current market conditions and  
17 expectations. For the third quarter of fiscal 2016, Nimble Storage expects:

- 18 • Total revenue in the range of \$86.0 to \$88.0 million
- 19 • Non-GAAP operating loss in the range of \$5.0 to \$6.0 million
- 20 • Non-GAAP net loss per basic and diluted share in the range of \$0.08 to \$0.09 based  
21 on weighted average shares outstanding of approximately 80.0 million

22 33. Following the press release, on August 25, 2015, Nimble Storage held a conference  
23 call with analysts and investors to discuss the earnings release and the Company's operations. With  
24 regard to customer acquisitions, defendant Vasudevan, stated, in pertinent part:

25 We added 690 customers during Q2, a record pace of customer acquisition compared  
26 to any previous quarter. We now have over 6,200 customers within our install base.  
27 Our channel continues to play a stellar role in helping us drive customer acquisition.  
28 We have over 1,000 unique channel sales reps that close deals during Q2. This  
channel leverage helps drive overall leverage in our business model.

The enhancements that we have made to our platform over the last 18 months are  
translating into continued strong enterprise momentum. During Q2, the number of

1 deals we closed over \$100,000 reached an all-time high. Our bookings over the last  
2 12 months within the global 5,000 and the cloud service provider segment compared  
3 to the previous 12-month period were up by more than 80% in each segment. In just  
4 the global 500, we now have 70 customers as part of our install base. Fibre Channel  
5 remains a key contributor to our enterprise momentum.

6 \* \* \*

7 Our focus on customer acquisition stems from a belief that as customers continue to  
8 experience data growth, that will in turn translate into sustained growth over many  
9 years for us so long as we can demonstrate very high customer satisfaction. This is  
10 where InfoSight remains unmatched and drives repeat deployments. On a trailing  
11 12-month basis, repeat bookings accounted for 46% of our total bookings as we  
12 continue to see a consistent pattern of repeat purchases within our customer base.

13 34. With regard to the Company's guidance for the fiscal third quarter of 2016, defendant  
14 Singh stated, in pertinent part, as follows:

15 Moving on to guidance for Q3. In Q3, we expect our revenue to be in the range of  
16 \$86 million to \$88 million and operating losses between \$5 million and \$6 million.  
17 This translates into a non-GAAP loss of \$0.08 to \$0.09 per share, which is based on  
18 approximately 80 million shares outstanding. We remain on track to achieve our  
19 goal of breakeven in non-GAAP operating income at the end of FY16.

20 35. In reaction to these announcements, on August 26, 2015, the price of Nimble Storage  
21 common stock rose \$2.89 per share, or 12%, to close at \$26.72 per share, on heavy trading volume.

22 36. The statements referenced above in ¶¶25-34 were each materially false and  
23 misleading when made because they misrepresented or failed to disclose the following adverse facts,  
24 which were known to defendants or recklessly disregarded by them:

25 (a) that the Company had made a decision to focus its sales efforts on the Large  
26 Enterprises sales channel and to reduce the amount of sales resources directed towards the U.S.  
27 Commercial market. At the same time, large well-capitalized competitors started slashing prices in  
28 order to maintain market share. As a result, Nimble Storage's sales to large enterprises were lower  
than expected and would be declining further as price competition worsened;

(b) that sales to the U.S. Commercial market were declining as a result of the  
Company's decision to focus on the Large Enterprises sales channel;

(c) that the Company's gross margins would be adversely effected by increased  
discounting of the Company's products; and

1 (d) as a result of the foregoing, defendants lacked a reasonable basis for their  
2 positive statements about the Company's financial performance and outlook during the Class Period.

3 37. On November 19, 2015, after the close of the markets, Nimble Storage issued a press  
4 release announcing its financial results for the fiscal third quarter of 2016, the period ending October  
5 31, 2015. For the quarter, the Company reported total revenue of \$80.7 million, non-GAAP gross  
6 margin of 66.9%, a non-GAAP operating loss of \$10.8 million or negative 13% of revenue, and a  
7 GAAP net loss of \$28.6 million, or \$0.36 per basic and diluted share. Defendant Vasudevan,  
8 commenting on the disappointing fiscal third quarter results, stated, in pertinent part, as follows:

9 We have been executing a strategy of augmenting our customer base of mid-sized  
10 enterprises by focusing on expanding our presence in the large enterprise segment,  
11 while simultaneously aiming to achieve non-GAAP breakeven operating income in  
12 Q4FY16. Our Q3FY16 results fell short of our expectations for two reasons. First,  
13 we believe while we are acquiring large enterprise customers at a strong pace, our  
14 enterprise investments are taking longer to become fully productive. Second, we  
15 believe the shift in investment from commercial to enterprise business impacted our  
16 commercial revenue growth more than we anticipated. We continue to strongly  
17 believe that the market opportunity associated with the shift from disk-centric  
18 architectures to flash-centric architectures is significant, and that our Adaptive Flash  
19 platform offers the broadest and most differentiated approach to leveraging flash  
20 storage in the modern data center.

21 38. Defendant Singh added, in pertinent part, as follows:

22 We plan to make some key investments to drive growth that will constrain short-term  
23 profitability. We believe our planned investments will improve revenue growth as  
24 well as operating leverage over time. We expect that it will take several quarters to  
25 realize the impact of these investments and have factored that into our guidance for  
26 Q4FY16.

27 39. With regard to the Company's outlook for the fiscal fourth quarter of 2016, the  
28 Company stated, in pertinent part, as follows:

Nimble Storage provides guidance based on current market conditions and  
expectations. For the fourth quarter of fiscal 2016, Nimble Storage expects:

- Total revenue in the range of \$87.0 to \$90.0 million
- Non-GAAP operating loss in the range of \$8.0 to \$10.0 million
- Non-GAAP net loss per basic and diluted share in the range of \$0.11 to \$0.13 based on weighted average shares outstanding of approximately 81.0 million



1 AARON RAKERS: Okay, and final question for me. On the enterprise productivity,  
2 I'm just curious, where do we stand on the productivity curve, maybe relative to what  
3 you would have thought of maybe coming out of the July quarter? And as you bring  
4 on these new named account teams, just remind us again how long it takes us to see  
5 them ramp to that kind of targeted productivity?

6 SURESH VASUDEVAN: Yes, so I think we have not actually giving you specifics  
7 on the past. Let me just say, what we have said in the past is typically our  
8 commercial teams, Aaron, take around four quarters before they are on the same  
9 curve as our mature teams. Enterprise teams, we had said were slightly longer than  
10 that.

11 What we're now seeing is that full productivity of our enterprise teams is perhaps  
12 four quarters longer than our commercial teams, and that's really how we are seeing  
13 this. It takes about a couple of years before enterprise teams yield the kind of full  
14 productivity that we are looking for.

15 41. With regard to the Company's guidance for the fiscal fourth quarter of 2016,  
16 defendant Singh stated, in pertinent part, as follows:

17 Moving on to guidance and our thoughts for Q4. Over the past year, we have been  
18 performing a balancing act of growing our base of mid-sized enterprises, as well as  
19 increasing our focus on the large enterprise segment. At the same time, we have also  
20 been focused in getting to breakeven and non-GAAP operating income in Q4 through  
21 the balancing of topline growth with investments in the business.

22 *We now believe this strategy of threading the investment needle at a time when the  
23 storage industry is competitive as it may have impacted our growth. We are  
24 making some key changes that we believe will drive higher growth in the future.  
25 However, there will be some time before these benefits are realized.*

26 We have accounted for these factors that caused a slowing of growth during Q3 in  
27 setting our expectations for Q4. In Q4, we expect our revenue to be in the range of  
28 \$87 million to \$90 million, and operating losses between \$8 million and \$10 million.  
This translates into a non-GAAP loss of \$0.11 to \$0.13 a share, which is based upon  
approximately 81 million shares outstanding. [Emphasis added.]

42. In response to a question regarding the Company's goal of achieving breakeven in  
non-GAAP operating income at the end of fiscal year 2016, defendant Singh stated, in pertinent part,  
as follows:

JOHN ROY, ANALYST, UBS: Hi, it's John Roy, in for Steve. Quickly, on your  
profitability. Obviously it's not going to come next quarter. Do you have any type of  
color you can give us on when it might be? Also, Anup, are you still saying a 3x to  
4x advantage in pricing even though -- with the discounting?

ANUP SINGH: So, John, this is Anup. On the question of getting to profitability.  
The way we think about it is, the investments we have talked with the first half of the  
year for next year is going to lead to a decrease in leverage, as compared to margins  
of this year. So if you compare first half to first half, you'll see a decrease in  
leverage.

1 We expect, however, the investment that we're making, that Suresh articulated, will  
2 have an impact starting the second half of next year, and ***therefore we should get***  
3 ***back to showing an improvement in leverage in the model in the second half of***  
4 ***next year, as compared to the second half of this year. Apart from that, at this***  
5 ***stage, we are not offering up any guidance in terms of the long term sort of***  
6 ***breakeven or the path profitability.*** [Emphasis added.]

7 43. In reaction to these announcements, on November 20, 2015, the price of Nimble  
8 Storage common stock fell \$10.34 per share, or 51%, to close at \$10.05 per share, on heavy trading  
9 volume.

10 44. The market for Nimble Storage common stock was open, well-developed and  
11 efficient at all relevant times. As a result of these materially false and misleading statements and  
12 failures to disclose, Nimble Storage common stock traded at artificially inflated prices during the  
13 Class Period. Plaintiff and other members of the Class purchased Nimble Storage common stock  
14 relying upon the integrity of the market price of Nimble Storage common stock and market  
15 information relating to Nimble Storage, and have been damaged thereby.

16 45. During the Class Period, defendants materially misled the investing public, thereby  
17 inflating the price of Nimble Storage common stock, by publicly issuing false and misleading  
18 statements and omitting to disclose material facts necessary to make defendants' statements, as set  
19 forth herein, not false and misleading. Said statements and omissions were materially false and  
20 misleading in that they failed to disclose material adverse information and misrepresented the truth  
21 about the Company, its business and operations, as alleged herein.

22 46. At all relevant times, the material misrepresentations and omissions particularized in  
23 this Complaint directly or proximately caused, or were a substantial contributing cause of, the  
24 damages sustained by plaintiff and other members of the Class. As described herein, during the  
25 Class Period, defendants made or caused to be made a series of materially false or misleading  
26 statements about Nimble Storage's business, products and operations. These material misstatements  
27 and omissions had the cause and effect of creating in the market an unrealistically positive  
28 assessment of Nimble Storage and its business, products and operations, thus causing the Company's  
common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially  
false and misleading statements during the Class Period resulted in plaintiff and other members of

1 the Class purchasing the Company's common stock at artificially inflated prices, thus causing the  
 2 damages complained of herein.

3 **Additional Scienter Allegations**

4 47. As alleged herein, defendants acted with scienter in that defendants knew that the  
 5 public documents and statements issued or disseminated in the name of the Company were  
 6 materially false and misleading; knew that such statements or documents would be issued or  
 7 disseminated to the investing public; and knowingly and substantially participated or acquiesced in  
 8 the issuance or dissemination of such statements or documents as primary violations of the federal  
 9 securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of  
 10 information reflecting the true facts regarding Nimble Storage, their control over, and/or receipt  
 11 and/or modification of Nimble Storage's allegedly materially misleading misstatements and/or their  
 12 associations with the Company which made them privy to confidential proprietary information  
 13 concerning Nimble Storage, participated in the fraudulent scheme alleged herein.

14 48. Defendants were further motivated to engage in this fraudulent course of conduct in  
 15 order to enable certain Company insiders to collectively sell 1,121,494 shares of their personally-  
 16 held Nimble Storage common stock for gross proceeds in excess of \$31.4 million:

Insider	Title	Date	Shares	Price	Proceeds
Kennelly, Jerome M	Director	01-Jun-2015	5,000	\$25.88	\$129,400
		02-Jun-2015	2,662	\$25.46	\$67,775
		11-Jun-2015	2,662	\$29.50	\$78,529
		01-Sep-2015	5,000	\$26.49	\$132,450
			15,324		\$408,154
Leary, Daniel T	Officer	16-Jun-2015	93,000	\$30.90	\$2,873,700
		18-Jun-2015	4,400	\$30.34	\$133,496
		18-Jun-2015	8,700	\$31.03	\$269,961
		18-Jun-2015	15,300	\$30.32	\$463,896
		18-Jun-2015	2,600	\$31.03	\$80,678
		20-Jul-2015	2,800	\$28.42	\$79,576
		20-Jul-2015	900	\$28.39	\$25,551
		20-Jul-2015	6,100	\$27.50	\$167,750
		20-Jul-2015	21,200	\$27.51	\$583,212
		18-Aug-2015	7,000	\$26.33	\$184,310
		18-Aug-2015	24,000	\$26.32	\$631,680
	03-Sep-2015	3,544	\$25.34	\$89,805	
	09-Sep-2015	395	\$25.54	\$10,088	



1			11-Sep-2015	7,267	\$25.13	\$182,620
			11-Sep-2015	10,212	\$25.13	\$256,628
2			25-Sep-2015	9,900	\$24.37	\$241,263
			25-Sep-2015	100	\$24.98	\$2,498
3			19-Oct-2015	5,000	\$22.63	\$113,150
			19-Oct-2015	10,000	\$22.64	\$226,400
4				232,418		\$6,616,262
5						
	Li, Ping	Director	16-Jun-2015	3,700	\$31.19	\$115,403
6			16-Jun-2015	22,300	\$30.65	\$683,495
			01-Sep-2015	26,000	\$26.42	\$686,920
7				52,000		\$1,485,818
8						
	Maheshwari, Umesh	Chief Technology Officer	27-May-2015	1,600	\$26.21	\$41,936
9			27-May-2015	4,400	\$25.65	\$112,860
			27-May-2015	400	\$26.41	\$10,564
10			27-May-2015	1,600	\$25.68	\$41,088
			28-May-2015	6,000	\$26.17	\$157,020
11			28-May-2015	2,000	\$26.17	\$52,340
			03-Jun-2015	6,000	\$26.22	\$157,320
12			03-Jun-2015	2,000	\$26.21	\$52,420
			04-Jun-2015	6,000	\$26.69	\$160,140
13			04-Jun-2015	2,000	\$26.69	\$53,380
			10-Jun-2015	2,000	\$29.47	\$58,940
14			10-Jun-2015	6,000	\$29.46	\$176,760
			11-Jun-2015	2,000	\$29.06	\$58,120
15			11-Jun-2015	6,000	\$29.05	\$174,300
			17-Jun-2015	200	\$32.08	\$6,416
16			17-Jun-2015	2,000	\$31.65	\$63,300
			17-Jun-2015	5,800	\$31.64	\$183,512
17			18-Jun-2015	3,800	\$30.32	\$115,216
			18-Jun-2015	2,200	\$31.04	\$68,288
18			18-Jun-2015	1,200	\$30.28	\$36,336
			18-Jun-2015	800	\$31.03	\$24,824
19			24-Jun-2015	6,000	\$30.09	\$180,540
			24-Jun-2015	2,000	\$30.10	\$60,200
20			25-Jun-2015	2,000	\$30.18	\$60,360
			25-Jun-2015	6,000	\$30.19	\$181,140
21			01-Jul-2015	2,000	\$27.89	\$55,780
			01-Jul-2015	6,000	\$27.90	\$167,400
22			02-Jul-2015	2,000	\$27.54	\$55,080
			02-Jul-2015	6,000	\$27.56	\$165,360
23			08-Jul-2015	400	\$27.15	\$10,860
			08-Jul-2015	100	\$27.08	\$2,708
24			15-Jul-2015	100	\$27.00	\$2,700
			15-Jul-2015	200	\$27.01	\$5,402
25			16-Jul-2015	7,800	\$27.12	\$211,536
26			16-Jul-2015	23,400	\$27.13	\$634,842
27						
28						

1			22-Jul-2015	6,000	\$27.84	\$167,040
			22-Jul-2015	2,000	\$27.86	\$55,720
2			23-Jul-2015	6,000	\$28.47	\$170,820
			23-Jul-2015	2,000	\$28.47	\$56,940
3			29-Jul-2015	100	\$27.00	\$2,700
			29-Jul-2015	300	\$27.34	\$8,202
			30-Jul-2015	11,700	\$27.04	\$316,368
5			30-Jul-2015	3,900	\$27.04	\$105,456
			05-Aug-2015	6,000	\$27.24	\$163,440
6			05-Aug-2015	2,000	\$27.22	\$54,440
			06-Aug-2015	800	\$27.21	\$21,768
7			06-Aug-2015	2,400	\$27.21	\$65,304
			26-Aug-2015	300	\$27.03	\$8,109
			26-Aug-2015	300	\$27.04	\$8,112
9			03-Sep-2015	1,649	\$24.65	\$40,648
			11-Sep-2015	9,520	\$25.14	\$239,333
10				182,969		\$5,083,388
11	Mehta, Varun	Officer and Director	03-Jun-2015	7,693	\$25.64	\$197,249
			09-Jun-2015	66,130	\$29.00	\$1,917,770
12			10-Jun-2015	84,616	\$29.00	\$2,453,864
			10-Jun-2015	253,846	\$29.00	\$7,361,534
13			10-Jun-2015	18,486	\$29.00	\$536,094
			08-Jul-2015	4,166	\$26.54	\$110,566
14			22-Jul-2015	4,167	\$27.81	\$115,884
			23-Jul-2015	2,800	\$29.00	\$81,200
15			07-Aug-2015	4,167	\$26.22	\$109,259
			21-Aug-2015	2,600	\$25.05	\$65,130
16			24-Aug-2015	100	\$25.00	\$2,500
			26-Aug-2015	300	\$25.34	\$7,602
17			26-Aug-2015	1,166	\$26.42	\$30,806
			03-Sep-2015	1,610	\$25.19	\$40,556
18			08-Sep-2015	4,167	\$25.51	\$106,300
			11-Sep-2015	9,476	\$24.85	\$235,479
19				465,490		\$13,371,792
20						
21	Singh, Anup	Chief Financial Officer	01-Jun-2015	5,000	\$25.59	\$127,950
			15-Jun-2015	2,291	\$30.00	\$68,730
22			15-Jun-2015	2,709	\$30.00	\$81,270
			01-Jul-2015	5,000	\$28.21	\$141,050
23			03-Aug-2015	5,000	\$27.03	\$135,150
			01-Sep-2015	5,000	\$26.57	\$132,850
24			03-Sep-2015	803	\$25.31	\$20,324
			09-Sep-2015	731	\$25.50	\$18,641
25			11-Sep-2015	6,118	\$24.84	\$151,971
			01-Oct-2015	5,000	\$22.35	\$111,750
26				37,652		\$989,686
27						
28						

1	Vasudevan, Suresh	Chief Executive Officer	01-Jul-2015	32,600	\$27.90	\$909,540
			02-Jul-2015	17,400	\$27.57	\$479,718
2			03-Sep-2015	10,651	\$25.32	\$269,683
			03-Sep-2015	100	\$25.60	\$2,560
3			03-Sep-2015	22,049	\$24.93	\$549,682
			04-Sep-2015	27,851	\$24.42	\$680,121
4			11-Sep-2015	9,428	\$25.07	\$236,360
			11-Sep-2015	4,168	\$24.96	\$104,033
5			14-Sep-2015	7,900	\$25.38	\$200,502
			01-Oct-2015	3,494	\$22.38	\$78,196
6				135,641		\$3,510,395
7						
8			Total:	1,121,494		\$31,465,493

### LOSS CAUSATION

49. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Nimble Storage common stock and operated as a fraud or deceit on Class Period purchasers of Nimble Storage common stock by failing to disclose and misrepresenting the adverse facts detailed herein. As defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the price of Nimble Storage common stock declined significantly as the prior artificial inflation came out of the Company's common stock price.

50. As a result of their purchases of Nimble Storage common stock during the Class Period, plaintiff and the other Class members suffered economic loss, *i.e.*, damages, under the federal securities laws. Defendants' false and misleading statements had the intended effect and caused Nimble Storage common stock to trade at artificially inflated levels throughout the Class Period, reaching as high as \$31.60 per share on June 17, 2015.

51. By concealing from investors the adverse facts detailed herein, defendants presented a misleading picture of Nimble Storage's business, products and operations. When the truth about the Company was revealed to the market, the price of Nimble Storage common stock fell significantly. This decline removed the inflation from the price of Nimble Storage common stock, causing real economic loss to investors who had purchased Nimble Storage common stock during the Class Period.

1           52.     The decline in the price of Nimble Storage common stock after the corrective  
2 disclosures came to light were a direct result of the nature and extent of defendants' fraudulent  
3 misrepresentations being revealed to investors and the market. The timing and magnitude of the  
4 price declines in Nimble Storage common stock negates any inference that the loss suffered by  
5 plaintiff and the other Class members was caused by changed market conditions, macroeconomic or  
6 industry factors or Company-specific facts unrelated to defendants' fraudulent conduct.

7           53.     The economic loss, *i.e.*, damages, suffered by plaintiff and the other Class members  
8 was a direct result of defendants' fraudulent scheme to artificially inflate the price of Nimble Storage  
9 common stock and the subsequent significant decline in the value of Nimble Storage common stock  
10 when defendants' prior misrepresentations and other fraudulent conduct were revealed.

11                           **APPLICABILITY OF PRESUMPTION OF RELIANCE:**  
12                           **FRAUD ON THE MARKET DOCTRINE**

13           54.     At all relevant times, the market for Nimble Storage common stock was an efficient  
14 market for the following reasons, among others:

15                   (a)     Nimble Storage common stock met the requirements for listing, and was listed  
16 and actively traded on the NYSE, a highly efficient, electronic stock market;

17                   (b)     as a regulated issuer, Nimble Storage filed periodic public reports with the  
18 SEC and the NYSE;

19                   (c)     Nimble Storage regularly communicated with public investors via established  
20 market communication mechanisms, including regular disseminations of press releases on the  
21 national circuits of major newswire services and other wide-ranging public disclosures, such as  
22 communications with the financial press and other similar reporting services; and

23                   (d)     Nimble Storage was followed by securities analysts employed by major  
24 brokerage firms who wrote reports which were distributed to the sales force and certain customers of  
25 their respective brokerage firms. Each of these reports was publicly available and entered the public  
26 marketplace.

27           55.     As a result of the foregoing, the market for Nimble Storage common stock promptly  
28 digested current information regarding Nimble Storage from all publicly available sources and

1 reflected such information in the prices of the common stock. Under these circumstances, all  
2 purchasers of Nimble Storage common stock during the Class Period suffered similar injury through  
3 their purchase of Nimble Storage common stock at artificially inflated prices and a presumption of  
4 reliance applies.

5 **COUNT I**

6 **Violation of §10(b) of the Exchange Act**  
7 **and Rule 10b-5 Promulgated Thereunder**  
8 **Against All Defendants**

9 56. Plaintiff repeats and realleges each and every allegation contained above as if fully set  
10 forth herein.

11 57. During the Class Period, defendants disseminated or approved the materially false  
12 and misleading statements specified above, which they knew or deliberately disregarded were  
13 misleading in that they contained misrepresentations and failed to disclose material facts necessary  
14 in order to make the statements made, in light of the circumstances under which they were made, not  
15 misleading.

16 58. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue  
17 statements of material fact and/or omitted to state material facts necessary to make the statements not  
18 misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud  
19 and deceit upon the purchasers of the Company's common stock during the Class Period.

20 59. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of  
21 the market, they paid artificially inflated prices for Nimble Storage common stock. Plaintiff and the  
22 Class would not have purchased Nimble Storage common stock at the prices they paid, or at all, if  
23 they had been aware that the market prices had been artificially and falsely inflated by defendants'  
24 misleading statements.

25 60. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and  
26 the other members of the Class suffered damages in connection with their purchases of Nimble  
27 Storage common stock during the Class Period.  
28

1 **COUNT II**

2 **Violation of §20(a) of the Exchange Act**  
3 **Against the Individual Defendants**

4 61. Plaintiff repeats and realleges each and every allegation contained above as if fully set  
5 forth herein.

6 62. The Individual Defendants acted as controlling persons of Nimble Storage within the  
7 meaning of §20(a) of the Exchange Act as alleged herein. By reason of their positions as officers  
8 and/or directors of Nimble Storage, and their ownership of Nimble Storage stock, the Individual  
9 Defendants had the power and authority to cause Nimble Storage to engage in the wrongful conduct  
10 complained of herein.

11 63. By reason of such conduct, the Individual Defendants are liable pursuant to §20(a) of  
12 the Exchange Act.

13 **PRAYER FOR RELIEF**

14 WHEREFORE, plaintiff prays for relief and judgment, as follows:

15 A. Determining that this action is a proper class action, designating plaintiff as Lead  
16 Plaintiff and certifying plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil  
17 Procedure and plaintiff's counsel as Lead Counsel;

18 B. Awarding compensatory damages in favor of plaintiff and the other Class members  
19 against all defendants, jointly and severally, for all damages sustained as a result of defendants'  
20 wrongdoing, in an amount to be proven at trial, including interest thereon;

21 C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this  
22 action, including counsel fees and expert fees; and

23 D. Granting such other and further relief as the Court deems just and proper.

24 **JURY DEMAND**

25 Plaintiff hereby demands a trial by jury.  
26  
27  
28