ARISTA

Arista in Q4 2016

ARISTA

Safe Harbor

This presentation and the accompanying oral presentation contain forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements other than statements of historical fact contained in this presentation, including information concerning our business plans and objectives, total addressable market, potential growth opportunities, market potential by speed, trends relating to increase in storage, the router market, competitive position, benefits of Arista platform, industry environment and potential market opportunities.
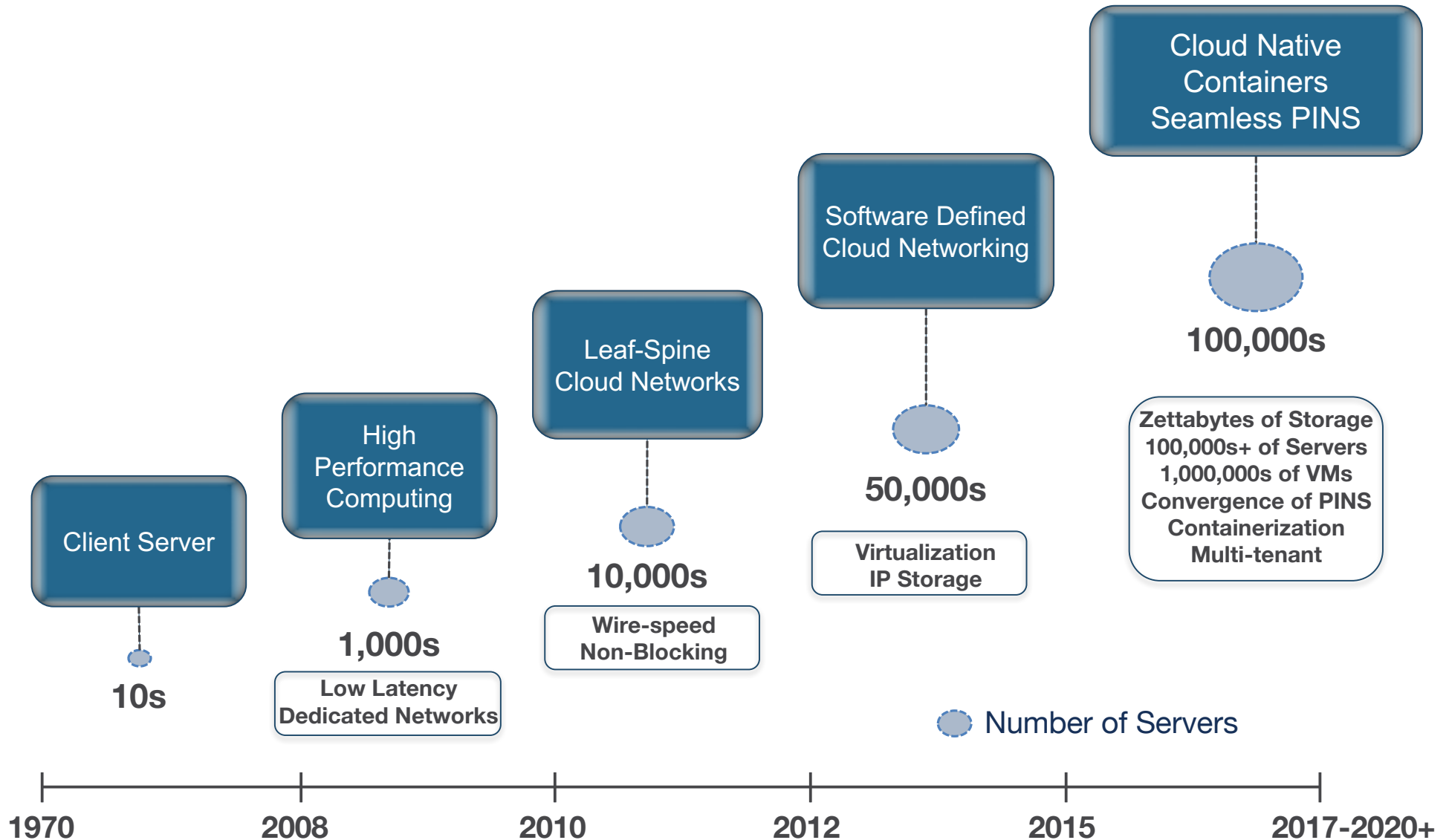
Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from those anticipated in or implied by the forward looking statements including: Arista Networks' limited operating history; risks associated with Arista Networks' rapid growth; Arista Networks' customer concentration; Arista Networks' dispute with Cisco Systems, Inc. including Arista Networks' ability to obtain a determination that alternative product implementations are not covered by remedial orders and our ability to manage our manufacturing and supply chain including the sourcing of components on commercially reasonable terms, if at all; risks associated with our customer's adoption of our redesigned products and services; Arista Networks' dispute with OptumSoft, Inc.; requests for more favorable terms and conditions from our large end customers; declines in the sales prices of our products and services; changes in customer order patterns or customer mix; increased competition in our products and service markets, including the data center market; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; the evolution of the cloud networking market and the adoption by end customers of Arista Networks' cloud networking solutions; and general market, political, economic and business conditions. Additional risks and uncertainties that could affect Arista Networks can be found in Arista's Form 10-K filed with the SEC on February 17, 2017, and other filings that the company makes to the SEC from time to time. You can locate these reports through our website at http://investors.arista.com and on the SEC's website at www.sec.gov.

You should not rely upon forward-looking statements as predictions of future events. Although our management believes that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we, nor any other person, assume responsibility for the accuracy and completeness of the forward-looking statements.

This presentation is being provided as of March 1, 2017 and the forward looking statements and any other statements contained herein speak only as of the date of this presentation, and we undertake no obligation to publicly update any forward-looking statements or any other statements in this presentation for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations, except as required by law.

In addition to GAAP financial information, this presentation includes certain non-GAAP financial measures. The non-GAAP measures have limitations, and you should not consider them in isolation or as a substitute for our GAAP financial information. There are limitations to the use of non-GAAP measures. Non-GAAP gross margins and non-GAAP operating income exclude the impact of stock-based compensation expenses, expenses associated with the OptumSoft and Cisco litigation, and other non-recurring charges. See the Appendix for a reconciliation of all non-GAAP financial measures to their nearest GAAP equivalent.
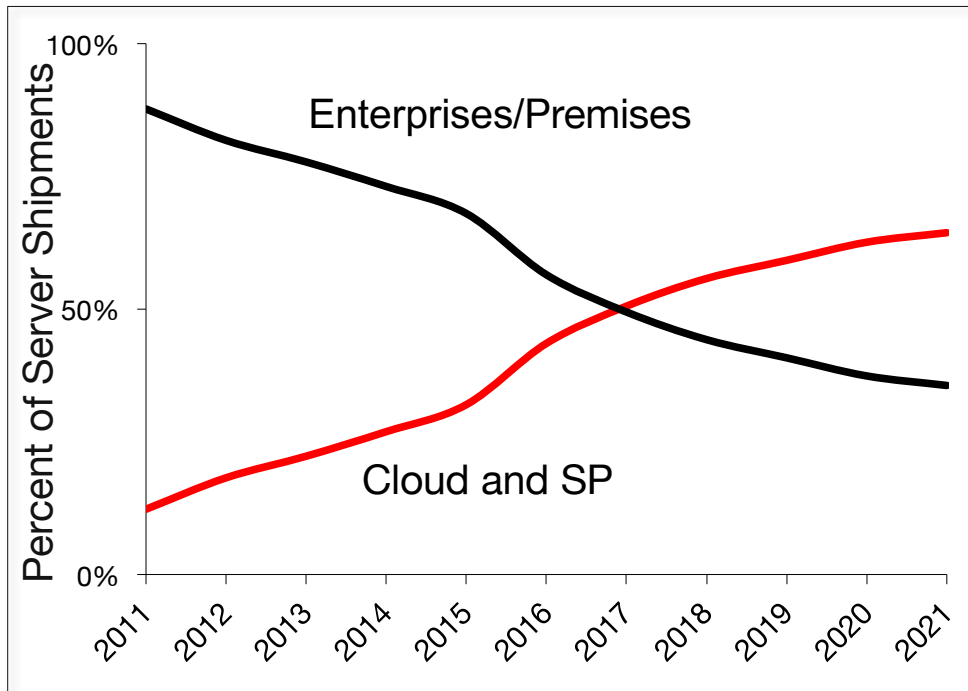
Inevitable Shift to Seamless Cloud Networking

ARISTA

Client Server

10s

High Performance Computing

1,000s

Low Latency Dedicated Networks

Leaf-Spine Cloud Networks

10,000s

Wire-speed Non-Blocking

Software Defined Cloud Networking

50,000s

Virtualization IP Storage

Cloud Native Containers Seamless PINS

100,000s

Zettabytes of Storage
100,000s+ of Servers
1,000,000s of VMs
Convergence of PINS
Containerization
Multi-tenant

◯ Number of Servers

| 1970 | 2008 | 2010 | 2012 | 2015 | 2017-2020+ |

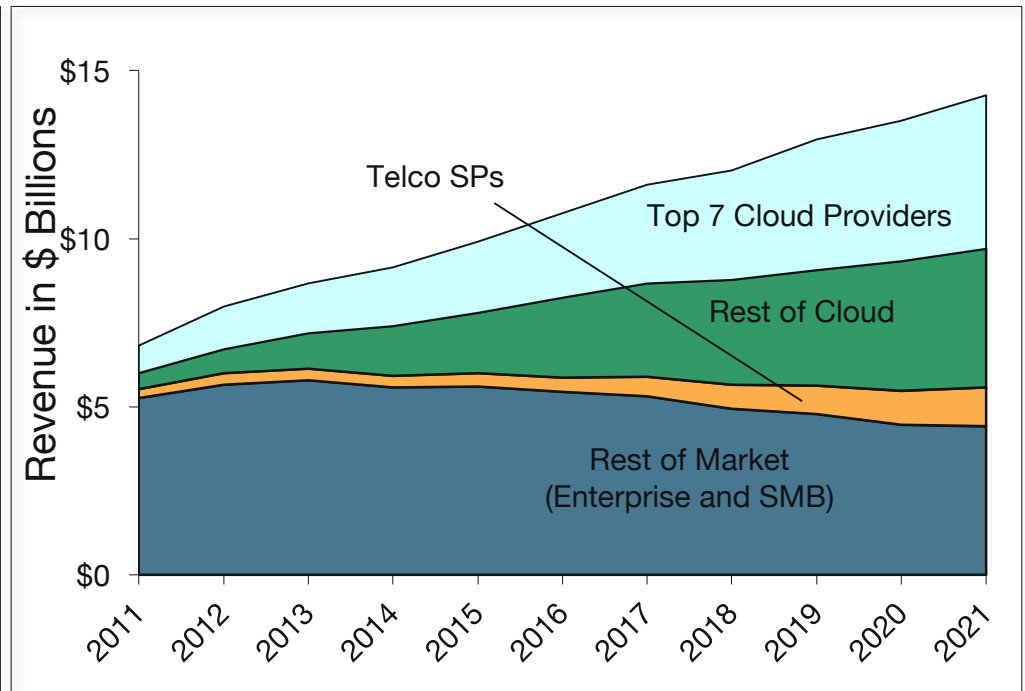# Cloud vs Enterprise – They are Different Networks

Traditional Networking (Legacy)	Cloud Networking (Arista)
Serves <100,000 employees	Serves hundreds of millions of users
Expensive to build and scale	10x-40x more cost effective
Minimal API usage	API for programmatic access
Manual management	Automated management
1 Admin: 100 servers	1 Admin: 10K servers
Proprietary lock-in	Open

Arista's Cloud Networking Opportunity

Server Shipments

Chart: Percent of Server Shipments (0%–100%), 2011–2021. Two curves: "Enterprises/Premises" (black, declining from ~88% to ~35%) and "Cloud and SP" (red, rising from ~13% to ~65%).

Data Center Ethernet Switch Revenue

Stacked area chart: Revenue in $ Billions ($0–$15), 2011–2021. Layers: Rest of Market (Enterprise and SMB), Telco SPs, Rest of Cloud, Top 7 Cloud Providers.

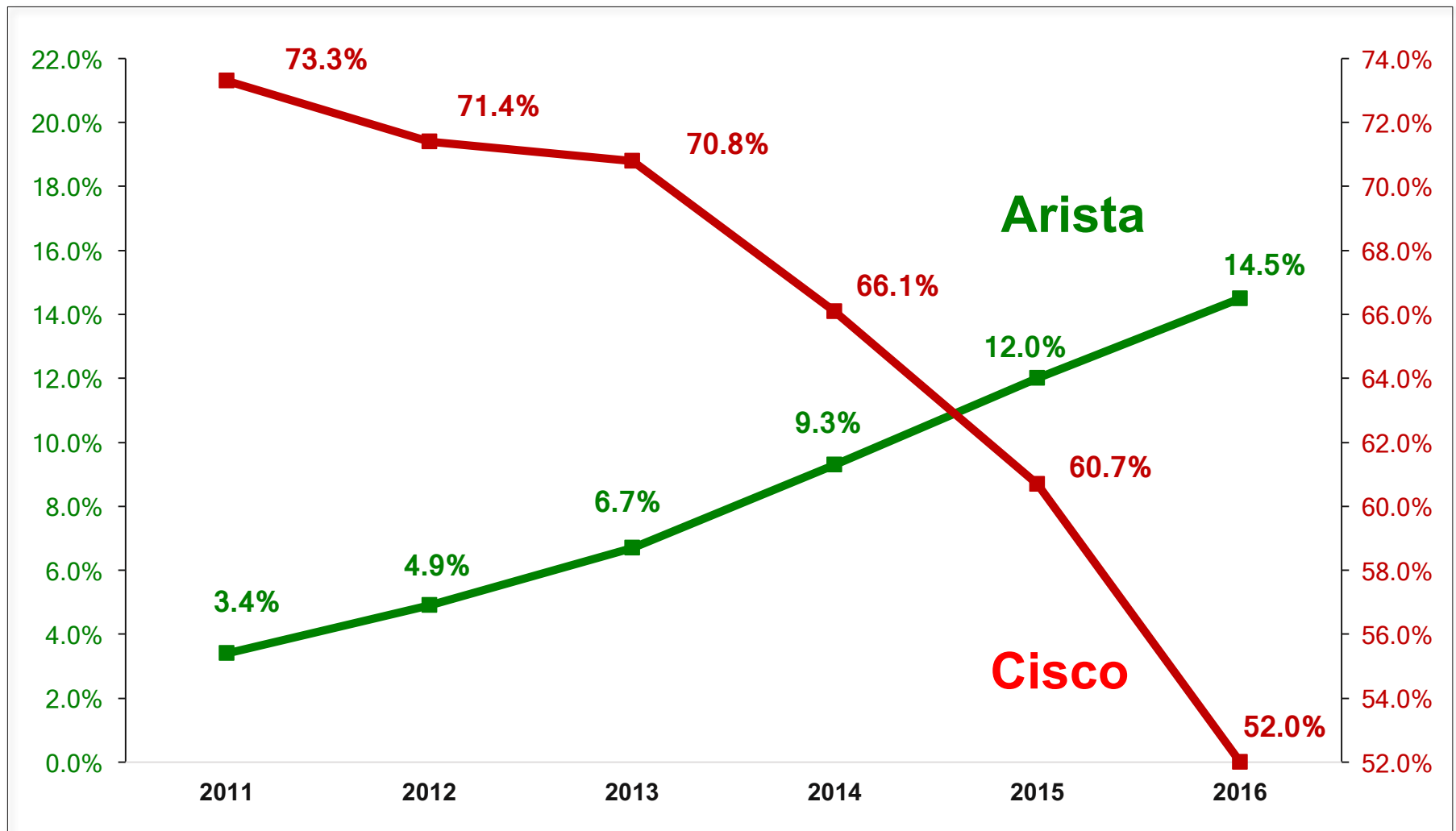**Source:** Dell'Oro Market Research, Ethernet Switch Update, January 2017

Enterprise workloads are migrating to public & hybrid clouds
Traditional enterprise served 100,000 employees vs. Clouds @ hundreds of millions of users
The emergence of cloud native apps & containers necessitates a new architecture

Arista Market Share vs. Cisco

High Speed Data Center Switching Market Share in Ports (10GbE and Higher)
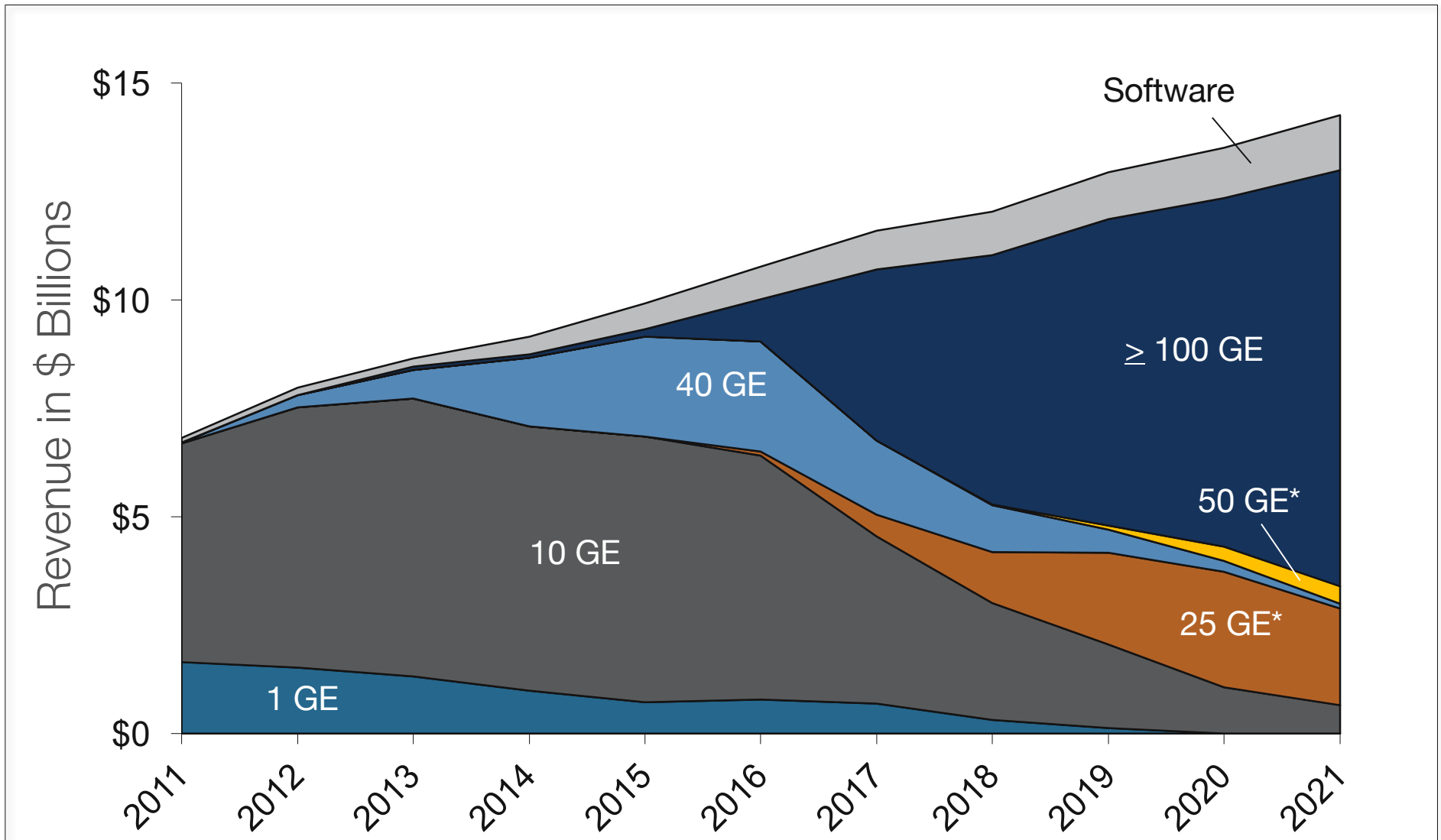
Market Potential by Speed
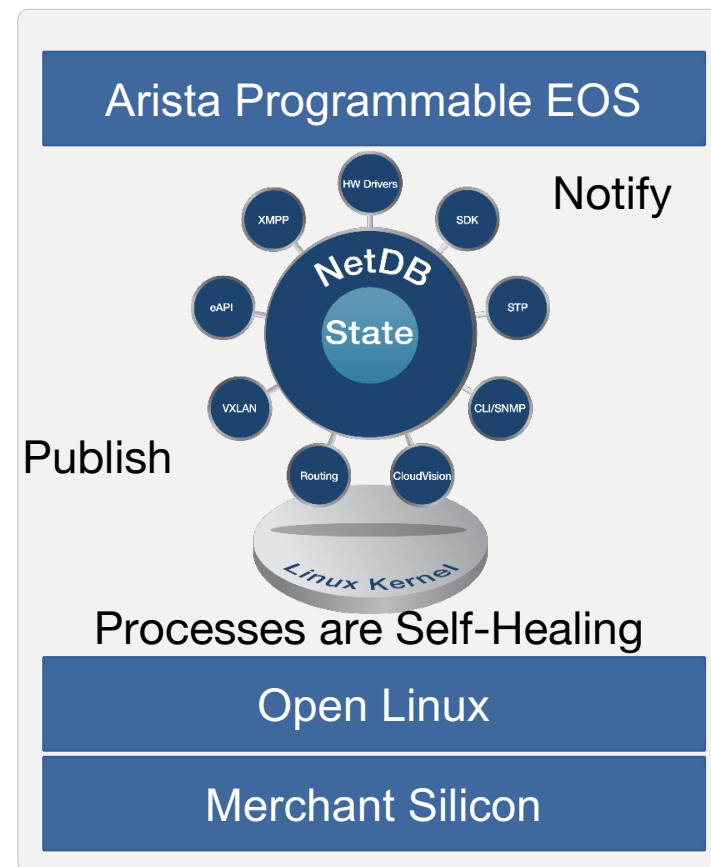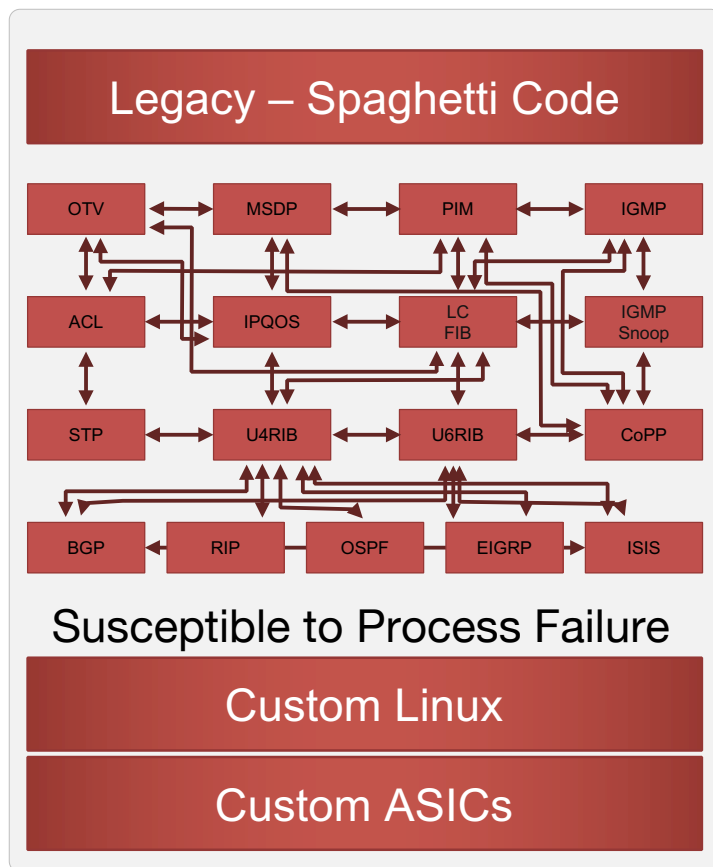
Data Center Ethernet Switch Revenue ($Bn)

*Shows discrete 25G or 50G ports only. Majority of 25/50GE server ports are expected to connect via QSFP-100G break out to 100 GE switch ports at the large Cloud Service Providers.

Source: Dell'Oro Market Research, Ethernet Switch Update, January, 2017

Arista's Cloud Scale Software Architecture

- Arista has ONE Operating System, purpose built for the cloud

Legacy – Spaghetti Code

OTV	MSDP	PIM	IGMP
ACL	IPQOS	LC FIB	IGMP Snoop
STP	U4RIB	U6RIB	CoPP
BGP	RIP	OSPF	EIGRP	ISIS

Susceptible to Process Failure

Custom Linux

Custom ASICs

Arista Programmable EOS

NetDB State

HW Drivers, XMPP, SDK, eAPI, STP, VXLAN, CLI/SNMP, Routing, CloudVision

Notify

Publish

Linux Kernel

Processes are Self-Healing

Open Linux

Merchant Silicon

Resilient

Programmable

Scalable

Arista EOS Evolution

ARISTA

History of Rich Innovation in Extensible – Open – Scalable

| 2004-2009 | 2010-2012 | 2013 | 2014 | 2015 | 2016 | 2017+ |

EOS Architecture State Programmability

EOS Cloud Designs

EOS High Availability

EOS Scale

EOS Automation

EOS Architecture NetDB

EOS 2017

Leaf-Spine Cloud
MLAG/ECMP/BGP
LANZ/DANZ Telemetry
ZTP/R
VM Tracer for vCenter

SSU
ASU
SFC/SFR

VXLAN Integration
NSX Integration
OpenStack Integration
EOS+

Workflow Visibility
CloudVision®
Workload Automation
EOS SDK
EAAS

FlexRoute™
CV Telemetry
MSS Security
AlgoMatch™

DANZ 2017
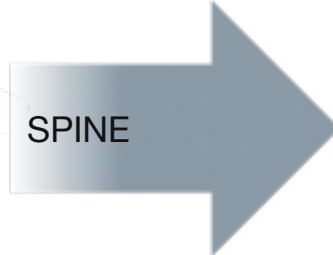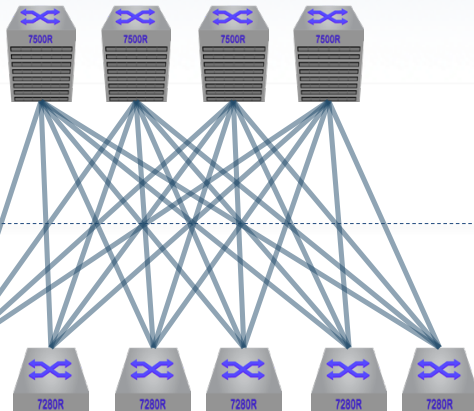**Hybrid Cloud**
Containerization

Foundational High Availability and Resiliency

NETWORK

CLOUDVISION ADVANTAGE
- Automated network wide change controls, including upgrades and rollback
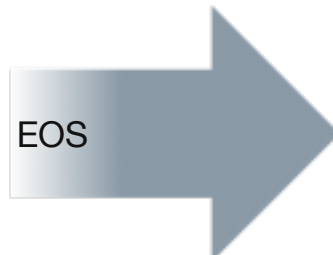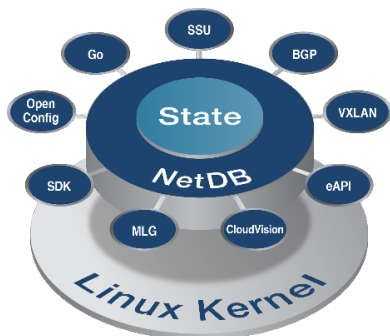
SPINE

SPINE SSU
- Maintenance mode
- Dual SUP SSO with NSF
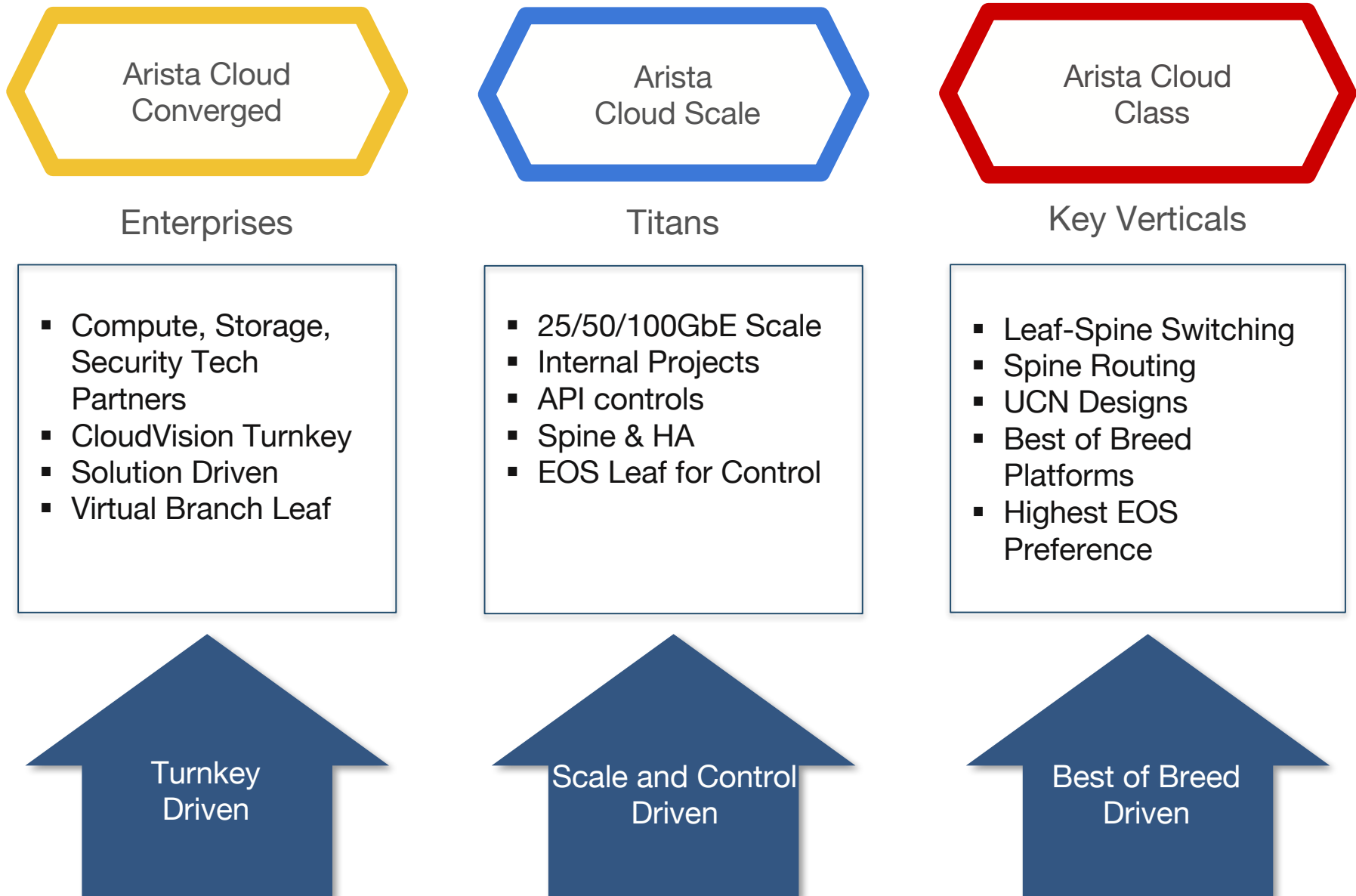- MLAG Active/Active L2 SSO

LEAF

LEAF SSU
- Hitless Software Upgrade
- MLAG Active/Active L2 SSO

EOS

EOS SOFTWARE ARCHITECTURE
- Multi-process state sharing architecture
- In-service software patching
- Software Fault Containment (SFC)
- Stateful Fault Repair (SFR)

Cloud Networking is Everywhere: Three Key Segments

Arista Cloud Converged

Enterprises

- Compute, Storage, Security Tech Partners
- CloudVision Turnkey
- Solution Driven
- Virtual Branch Leaf

Turnkey Driven

Arista Cloud Scale

Titans

- 25/50/100GbE Scale
- Internal Projects
- API controls
- Spine & HA
- EOS Leaf for Control

Scale and Control Driven

Arista Cloud Class

Key Verticals

- Leaf-Spine Switching
- Spine Routing
- UCN Designs
- Best of Breed Platforms
- Highest EOS Preference

Best of Breed Driven

Expanding Ecosystem

- Drive **Automation** with best of breed partners: security, overlays, orchestration, and storage
- Advanced **Analytics** and network wide services
- **Any Work-X** with CloudVision for workloads, workflows and work-streams

Cloud-Class Platform Portfolio

Diverse Merchant Silicon Architectures

Spine/Spline™

7300X Series

7500E/R Series

Leaf

EOS

Leaf EOS

7050X/7060X Series

7150, 7160 & 7280R Series

Volume

Value

Single-Image Arista EOS Across All Platforms

Proven Arista EOS Architecture Flexibility

Automation & Programmability	Cloud Networking	Telemetry

Consistent and Open

Arista EOS

Abstraction Layer

One Single EOS

Fulcrum-FM   BRCM-DNX   BRCM-XGS   CAVIUM-XPA

4 Architectures

Jericho   Trident-II+   Tomahawk+

Alta   Arad   Trident-II   Tomahawk

Bali   Petra   Trident+   Helix   **XP80**

NEW
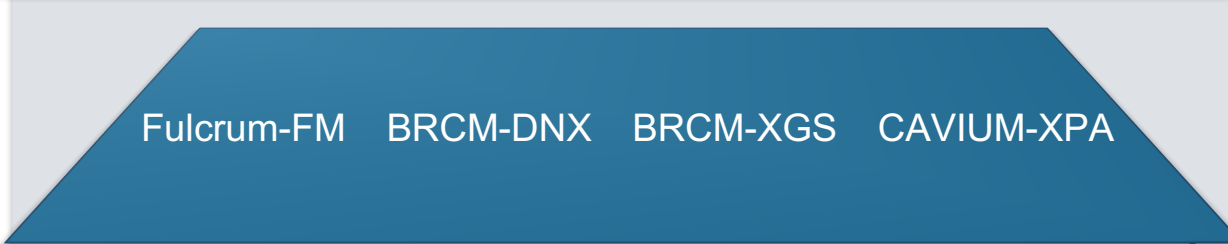
12 Silicon Families

7160 Series

1RU systems for 10G to 100G scale-out Applications

- Innovation: Arista AlgoMatch
  - Improves scale, performance & efficiency for programming filters over traditional approach
- Investment Protection: Flexible Port Configurations for 1/10/25/40/50/100G
- High Performance: Scalable Throughput up to 6.4Tbps
- Future Proof: Programmable packet pipeline
  - Add new protocols and encapsulations with a software update – no forklift upgrades of hardware required
- Open Standards: Full IEEE 25GbE 802.3by support
- Flexible Profiles:
  - Deliver higher scale through the efficient use of common resources on a system

7160-32CQ – 32 x 100G QSFP

7160-48YC6 – 48 x 25G & 6 x 100G

7160-48TC6 – 48 x 10G-T & 6 x 100G

Disruptive Cloud Economics for Routers

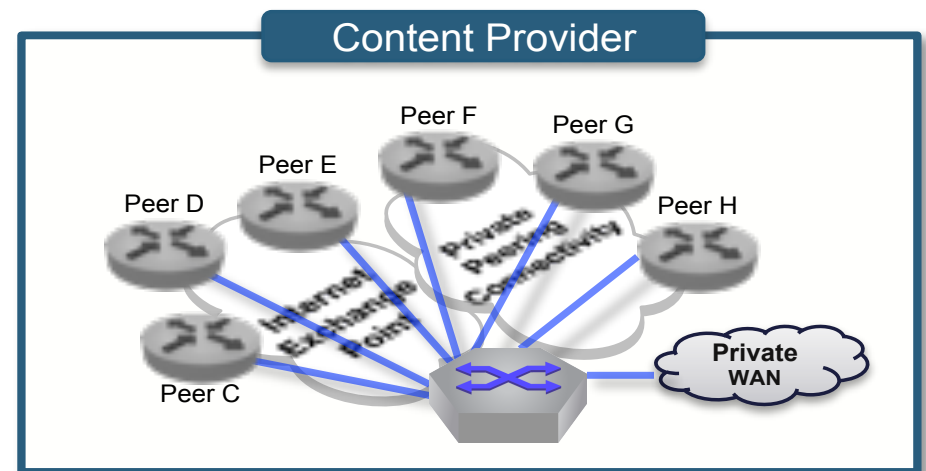|	Traditional Router	Arista 7500R Spine
Interface Types	Legacy & Ethernet	Ethernet
100G Density	~80 Ports	432 Ports
Power (per 100G port)	~200+ watts	25 watts
List Pricing (per 100G port)	$100,000+	$3,000
Software Features	Legacy feature sets	Cloud-optimized Routing, FlexRoute Scale, Programmable Traffic Engineering

Arista's Disruptive Economics

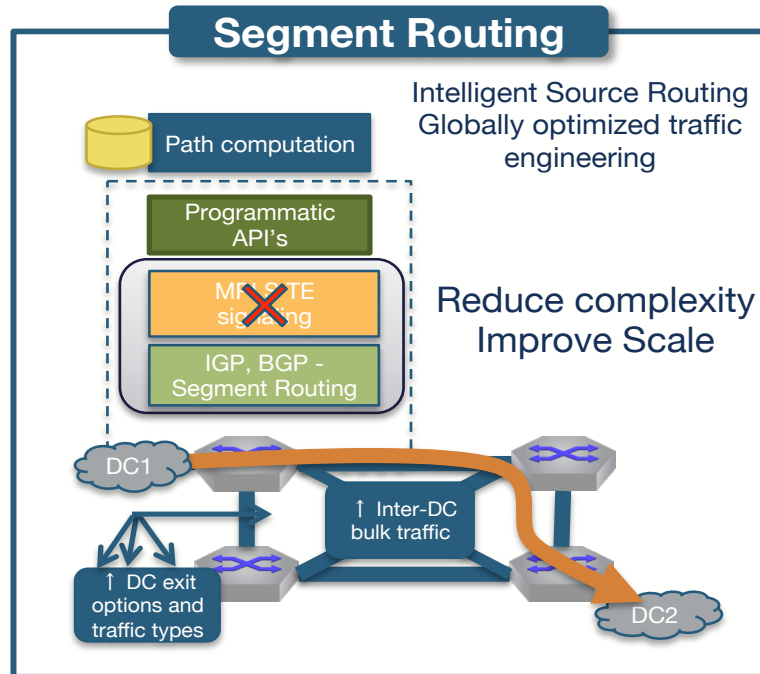7500R disrupting routers w/100GbE routing transition
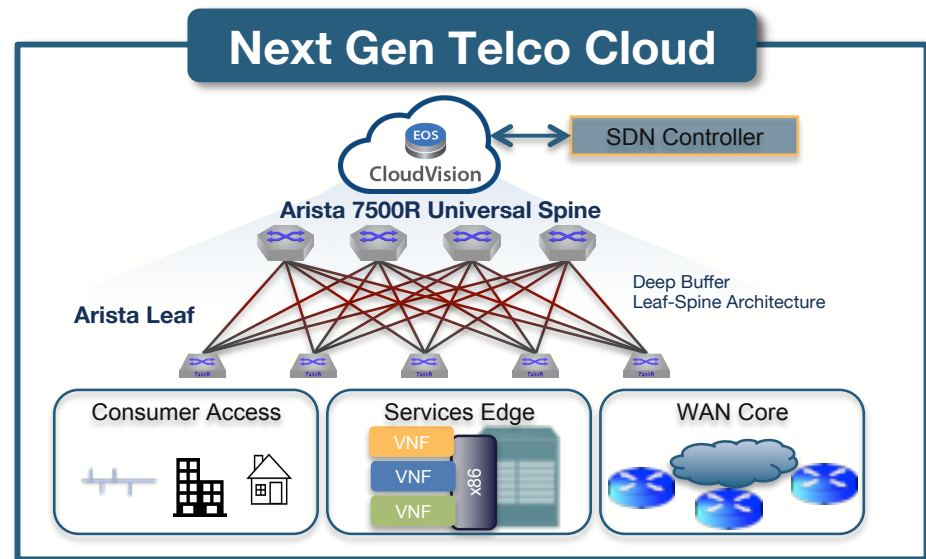
Arista Universal Spine & Leaf Routing Use-Cases

Cloud DC

Internet   Inter-DC WAN   DCI

Transit   Public Peering

Spine Core

DC Universal Spine

Content Provider

Peer F   Peer G

Peer E   Peer H

Peer D

Private Peering Connectivity

Internet Exchange Point

Peer C

Private WAN

Internet Peering

Segment Routing

Intelligent Source Routing
Globally optimized traffic engineering

Path computation

Programmatic API's

MPLS-TE signaling

IGP, BGP - Segment Routing

Reduce complexity
Improve Scale

DC1

↑ Inter-DC bulk traffic

↑ DC exit options and traffic types

DC2

Cloud WAN

Next Gen Telco Cloud

EOS
CloudVision   ←→   SDN Controller

Arista 7500R Universal Spine

Arista Leaf

Deep Buffer
Leaf-Spine Architecture

Consumer Access   Services Edge   WAN Core

VNF
VNF   x86
VNF

Service Provider NFV

Migration to Cloud Storage Architectures in the Enterprise

	Traditional Enterprise Storage	Cloud Storage
Cost per GB	$5/GB	~ 36¢/GB (2-3¢/GB/month)
Market Growth	-6% CAGR	+ 22% CAGR
Scaling	Scale-up	Scale-out
Architecture	Siloed Fibre Channel SANs	Common IP/Ethernet Infrastructure

Transforming Storage Networking

Sources:
Cost: Global Financial Customer
CAGR: Crehan Research Inc, April 2016

Sources:
Cost: AWS, MSFT Azure List prices
CAGR: Wikibon Server SAN Research Project 2014

Arista's IP Storage Solution

Hyper-converged
Storage Racks
(Small)

Dedicated Storage Rack
(Medium)

Dedicated Storage Spine
(Large)
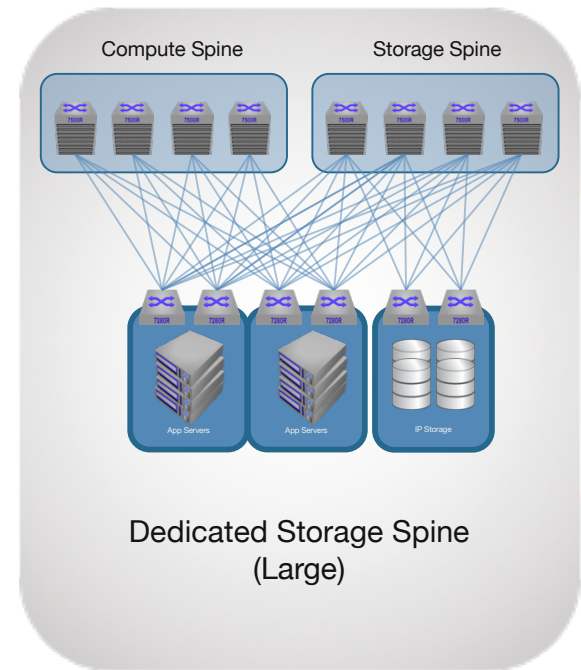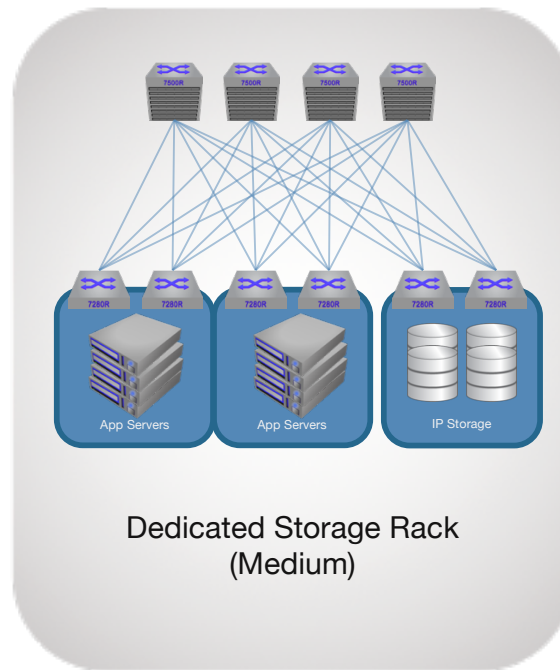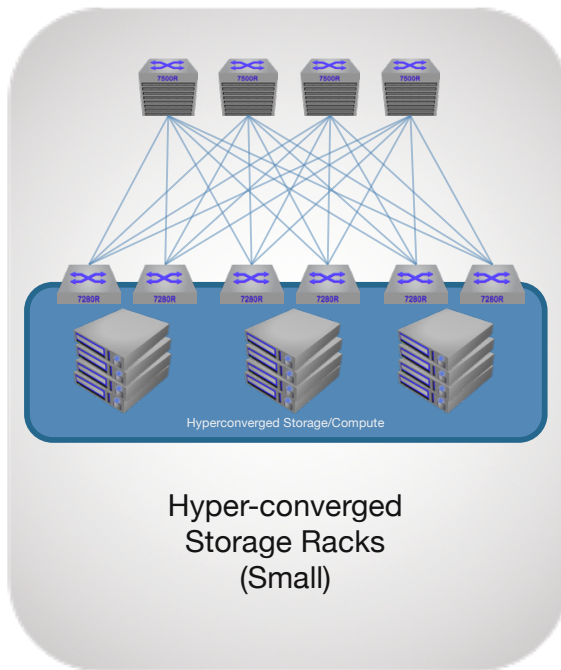
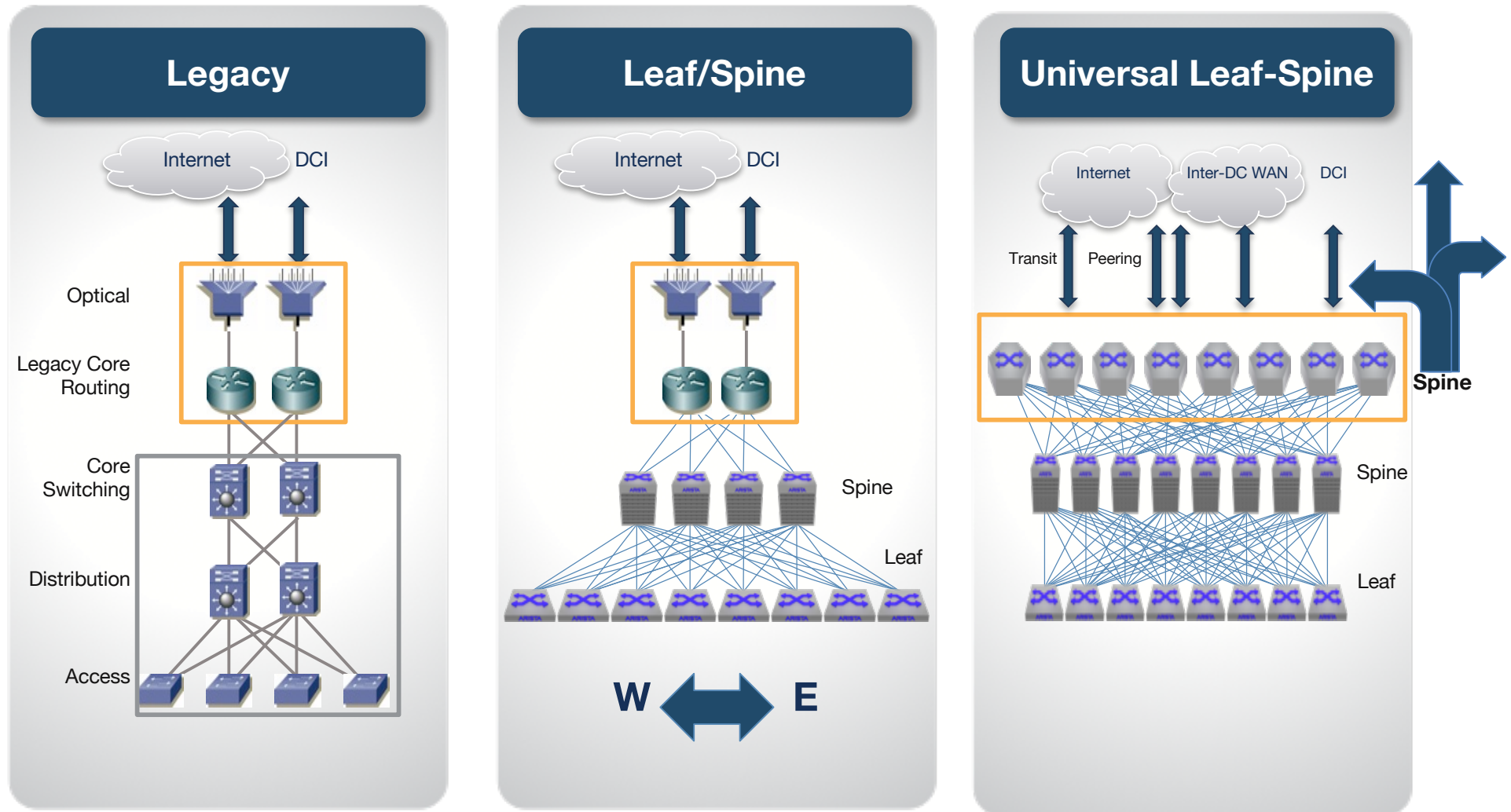| Scalable to Petabytes	Lossless Transport	High Availability	Visibility	Simplified Management	Return on Investment
UCN Architecture, Dense switching	Deep Buffering, VOQ, DCB/PFC	Smart System Upgrades, Self-healing OS	Tracers, State-streaming, Telemetry	CloudVision provisioning and Change Management	Low power consumption, compact form factors

Universal Cloud Network Architecture

Legacy

Internet DCI

Optical

Legacy Core Routing

Core Switching

Distribution

Access

Leaf/Spine

Internet DCI

Spine

Leaf

W ⟷ E

Universal Leaf-Spine

Internet Inter-DC WAN DCI

Transit Peering

Spine

Spine

Leaf

Core is subsumed in Spine

Arista EOS Supports Many Roles

- We target a large and growing market, $10B+[1]
- Our open software approach is applicable to new opportunities
- EOS software is our foundational building block which drives TAM growth
- Arista has a proven ability to insert and drive sharp share gains
- New applications drive higher revenues with major accounts
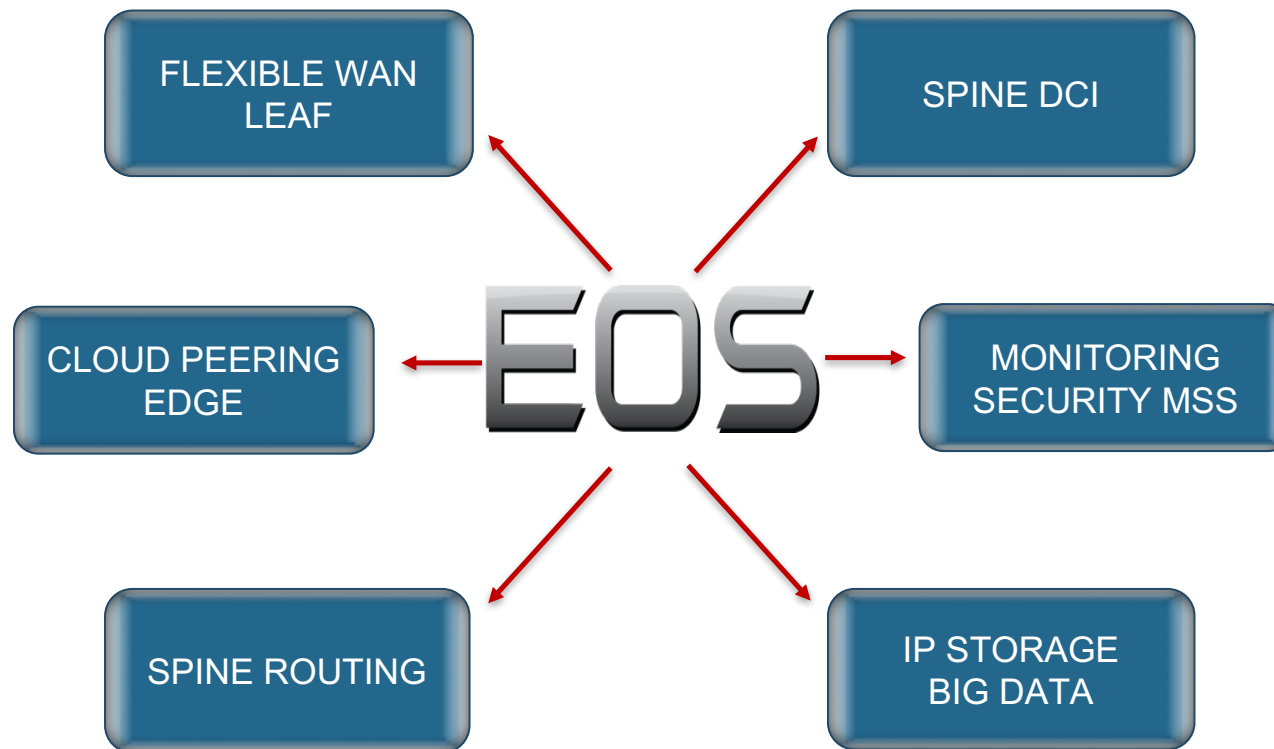
[1] Dell'Oro Ethernet Switch Data Center Forecast, January 2017.

Foundational Technology Underpins TAM Expansion

- We partner with customers and follow their journey
- EOS software drives repeat purchases, Arista cultivates customer advocacy
- EOS software organically enables additional use cases

Top 25 Customers	Q1 2014 Sum of Sales	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Customer1												
Customer2	☐											
Customer3												
Customer4												
Customer5												
Customer6												
Customer7												
Customer8												
Customer9												
Customer10												
Customer11												
Customer12												
Customer13												
Customer14												
Customer15												
Customer16												☐
Customer17												
Customer18										☐		☐
Customer19	☐	☐	☐	☐								
Customer20												
Customer21	☐											
Customer22												
Customer23						☐	☐		☐	☐		
Customer24												
Customer25												

☐ (light blue) Additional Purchases

☐ (white) Did Not Purchase

Chart illustrates the top 25 customers based on the last 12 quarters of total product and service billings.
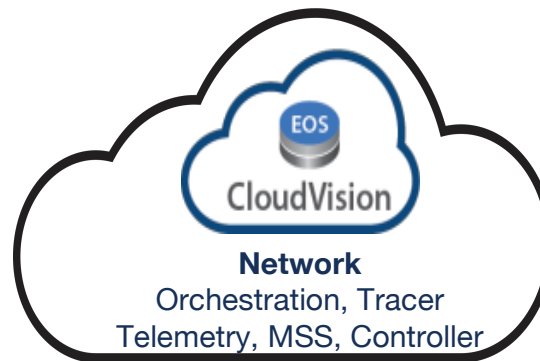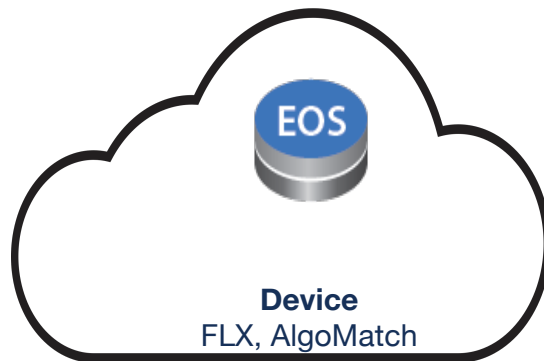
Long Runway Ahead
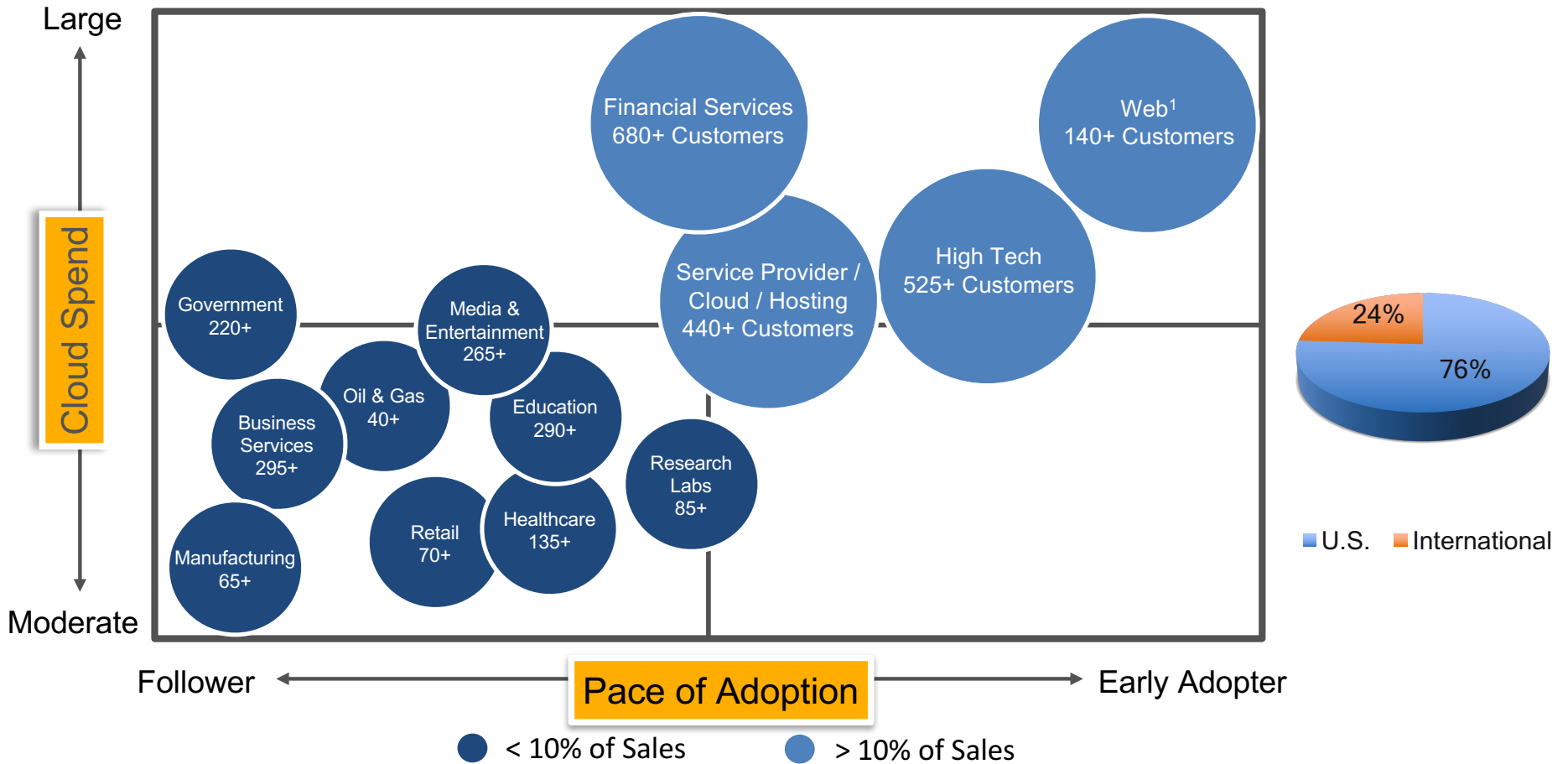
Arista Software Strategy

- FLX for advanced routing, DANZ+ monitoring features for expanding protocols and use cases
- CloudVision brings turnkey cloud network automation, telemetry, hitless change control
- Arista EOS/vEOS and SDK offer customers choice and flexibility for Hybrid Cloud
- Software vision focus is open, programmable synchronization and containerization

Device
FLX, AlgoMatch

Network
Orchestration, Tracer
Telemetry, MSS, Controller

Advanced
EOS+
DANZ 2017, EOS SDK ,
Containers, OpenConfig

Financial Highlights[1]

Total Revenue (Millions)

Quarter	Revenue
Q1'15	179
Q2'15	196
Q3'15	218
Q4'15	245
Q1'16	242
Q2'16	269
Q3'16	290
Q4'16	328

Gross Margin

Quarter	Gross Margin
Q1'15	66.1%
Q2'15	65.8%
Q3'15	65.5%
Q4'15	64.0%
Q1'16	64.4%
Q2'16	64.1%
Q3'16	64.6%
Q4'16	64.4%
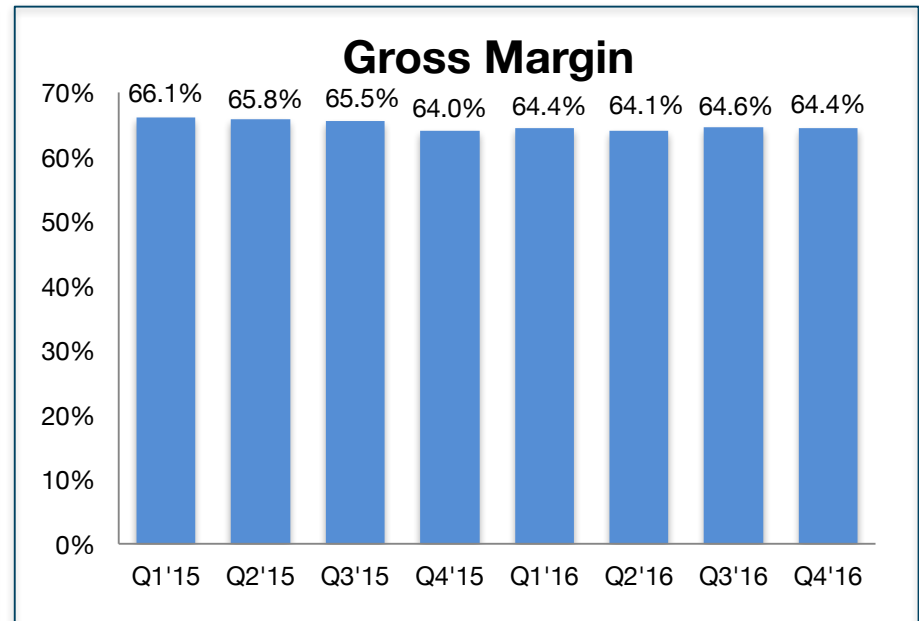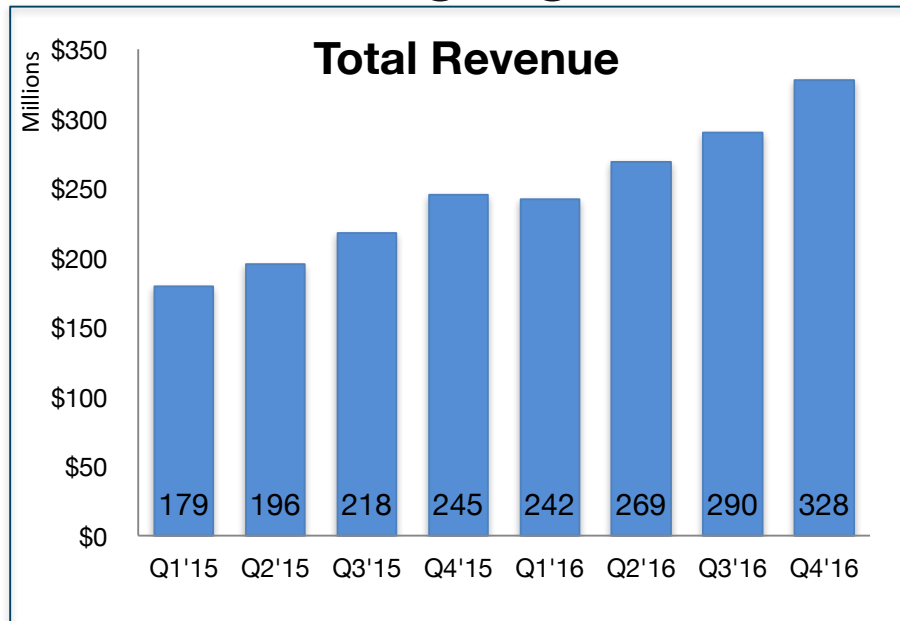
Note: non-GAAP, excludes stock-based comp.
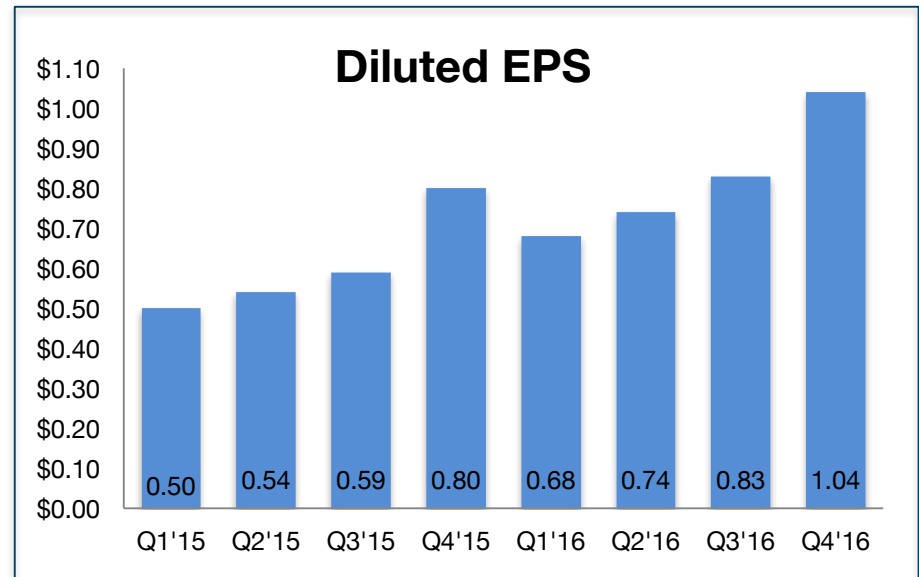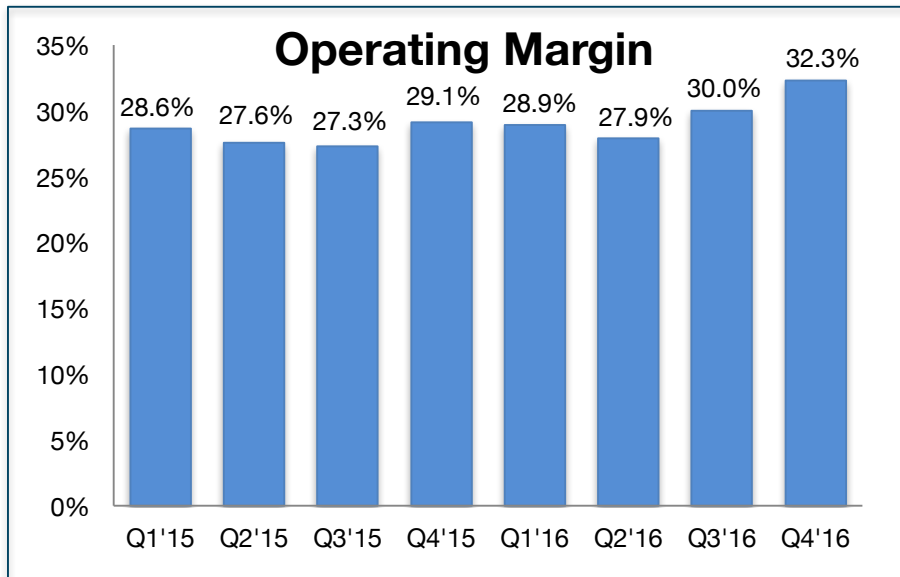
Operating Margin

Quarter	Operating Margin
Q1'15	28.6%
Q2'15	27.6%
Q3'15	27.3%
Q4'15	29.1%
Q1'16	28.9%
Q2'16	27.9%
Q3'16	30.0%
Q4'16	32.3%

Diluted EPS

Quarter	Diluted EPS
Q1'15	0.50
Q2'15	0.54
Q3'15	0.59
Q4'15	0.80
Q1'16	0.68
Q2'16	0.74
Q3'16	0.83
Q4'16	1.04

[1] Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

Balance Sheet & Cash Conversion Cycle

Cash, Cash Equivalents & Marketable Securities (Millions)

Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
687	762	824	800	868

AR and DSO (Millions)

AR / DSO (R)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
AR	144	135	147	210	253
DSO	54	51	50	67	71

Inventory and Turns (Millions)

Inventory / Turns (R)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Inventory	92	84	118	162	236
Turns	3.2	3.6	3.5	2.7	2.2

Cash Conversion Cycle

Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
122	127	98	133	177
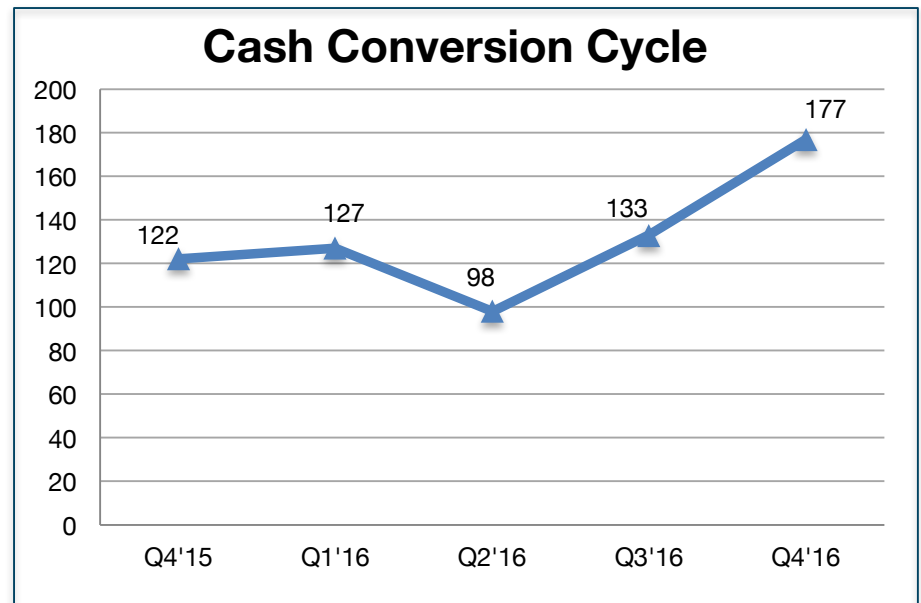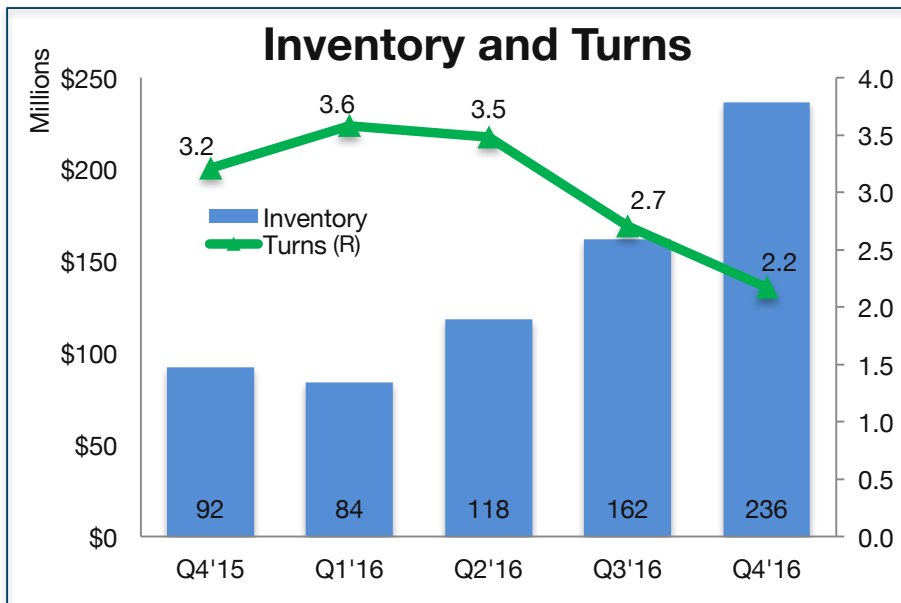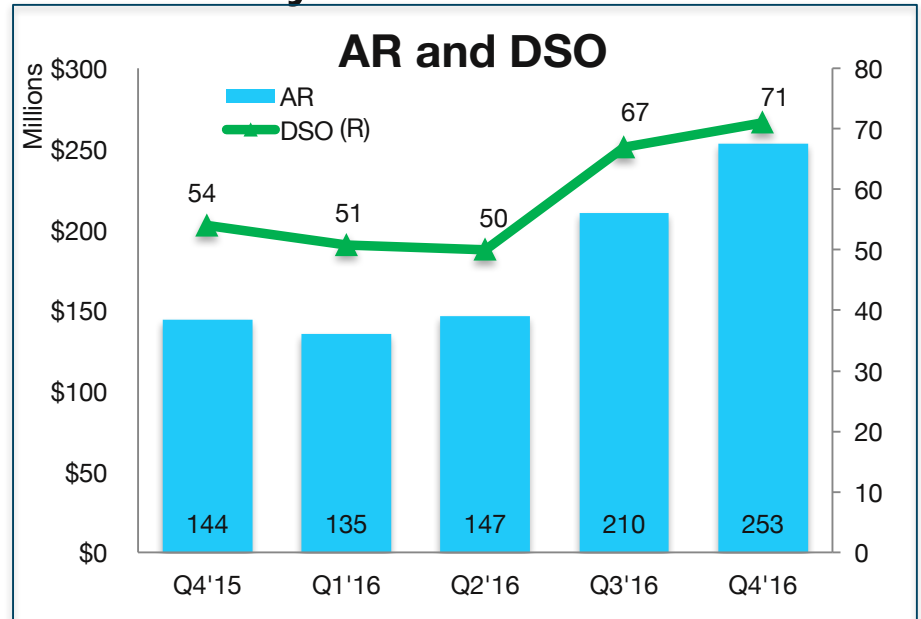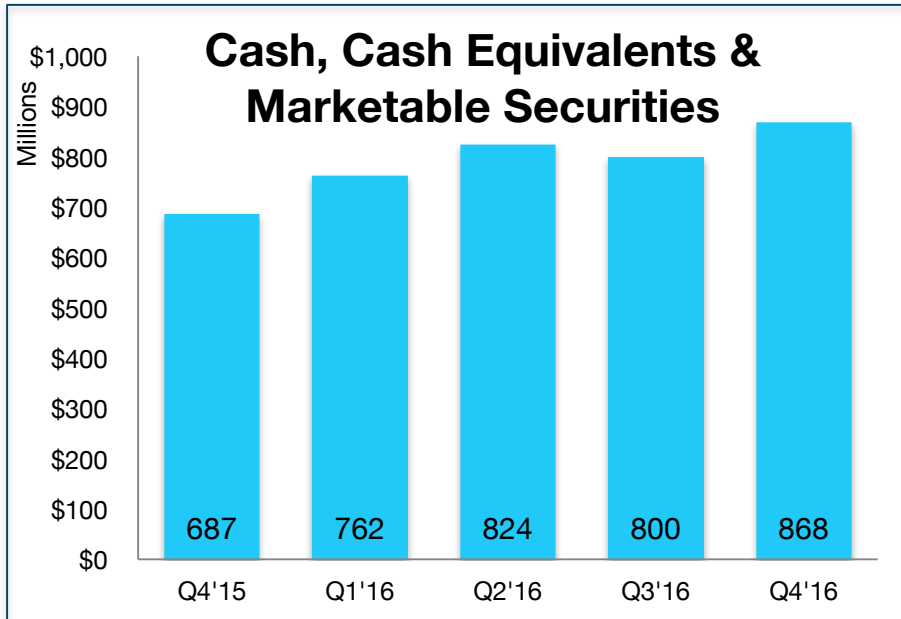
Arista in Q4'16 and 2016

Key Highlights

Q4-2016:
- Introduced Arista AlgoMatch™, along with the new Arista 7160 Series 25/100GbE programmable platforms.

Full Year 2016:
- The Arista 7500R and 7280R Series for Universal Spine and Leaf
- The Arista FlexRoute™ Engine supports the full internet routing table, in hardware, and scales to more than one million routes on the Arista 7500R Universal Spine and Arista 7280R Universal Leaf
- Positioned by Gartner, Inc. in the "Leaders" quadrant of the 16 May2016 Magic Quadrant for Data Center Networking
- Next-generation, real-time telemetry and analytics capabilities that leverage Arista EOS® and CloudVision ®
- Strategic partnership with Hewlett Packard Enterprise to deliver on a common vision of secure Hybrid IT solutions
- Unveiled the next phase of Arista EOS (Extensible Operating System) enabling Network wide State with NetDB

Financial Results (non-GAAP)[1]

Q4-2016:

Q4'16 Revenue: $328M
Q4'16 EPS: $1.04

Q4'15-Q4'16 YOY Revenue Growth: 33.6%

Q4'16 Gross Margin: 64.4%

Q4'16 Operating Margin: 32.3%

Full Year 2016:

FY'16 Revenue: $1.1B
FY'16 EPS: $3.30

FY'15-FY'16 YOY Revenue Growth: 34.8%

FY'16 Gross Margin: 64.4%

FY'16 Operating Margin: 30.0%

Mission:

Deliver the best cloud networking solutions for private, public and hybrid cloud deployments

[1] Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

Appendix: GAAP to Non-GAAP Reconciliation

In 000's except per share data	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	FY16
GAAP gross profit	$117,754	$127,890	$141,748	$156,168	$155,090	$ 171,451	$ 186,420	$ 210,155	$ 723,116
GAAP gross margin	65.8%	65.4%	65.2%	63.6%	64.0%	63.8%	64.2%	64.1%	64.0%
Stock compensation	636	784	786	842	793	868	955	1,004	3,620
Non-GAAP gross profit	$118,390	$128,674	$142,534	$157,010	$155,883	$ 172,319	$ 187,375	$ 211,159	$ 726,736
Non-GAAP gross margin	66.1%	65.8%	65.5%	64.0%	64.4%	64.1%	64.6%	64.4%	64.4%
GAAP income from operations	$ 35,755	$ 32,859	$ 31,297	$ 49,397	$ 49,735	$ 53,158	$ 63,021	$ 77,495	$ 243,409
GAAP operating margin	20.0%	16.8%	14.4%	20.1%	20.5%	19.8%	21.7%	23.6%	21.6%
Stock compensation	8,839	11,208	12,278	12,978	13,360	14,232	15,116	16,324	59,032
Litgation	6,670	9,909	15,889	8,956	7,005	7,594	9,025	12,209	35,833
Non-GAAP income from operations	$ 51,264	$ 53,976	$ 59,464	$ 71,331	$ 70,100	$ 74,984	$ 87,162	$ 106,028	$ 338,274
Non-GAAP operating margin	28.6%	27.6%	27.3%	29.1%	28.9%	27.9%	30.0%	32.3%	30.0%
GAAP net income to common stockholders, diluted	$ 24,071	$ 23,638	$ 28,329	$ 43,464	$ 34,941	$ 38,635	$ 50,980	$ 58,541	$ 183,039
Net income attributable to participating securities	421	358	361	460	304	269	277	242	1,150
Stock compensation	8,839	11,208	12,278	12,978	13,360	14,232	15,116	16,324	59,032
Release of income tax reserve	-	-	(6,376)	(968)	-	-	(6,293)	-	(6,293)
Litigation expense	6,670	9,909	15,889	8,956	7,005	7,594	9,025	12,209	35,833
Tax effect of non-GAAP exclusions	(4,469)	(6,335)	(8,064)	(7,424)	(6,524)	(7,056)	(7,924)	(9,836)	(31,340)
Non-GAAP net income	$ 35,532	$ 38,778	$ 42,417	$ 57,466	$ 49,086	$ 53,674	$ 61,181	$ 77,480	$ 241,421
Non-GAAP weighted diluted shares	70,722	71,215	71,887	72,062	72,214	72,817	73,453	74,384	73,222
GAAP diluted income per share to common stockholders	$ 0.34	$ 0.33	$ 0.39	$ 0.60	$ 0.48	$ 0.53	$ 0.69	$ 0.79	$ 2.50
Net income per share attributable to participating	-	-	0.01	0.01	-	-	-	-	0.02
Non-GAAP adjustments to net income per share	0.16	0.21	0.19	0.19	0.20	0.21	0.14	0.25	0.78
Non-GAAP diluted income per share	$ 0.50	$ 0.54	$ 0.59	$ 0.80	$ 0.68	$ 0.74	$ 0.83	$ 1.04	$ 3.30

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