



Extreme Networks Acquisition of Zebra WLAN/Formerly Motorola Solutions

September 14, 2016

Cautionary Statement on Financial Measures

Non-GAAP Measures:

In preparing the accompanying information, the Company has excluded, where applicable, the impact of certain Non-GAAP costs. The Company believes these Non-GAAP measures provide both management and investors with additional insight into its current operations, the trends affecting the Company and the Company's marketplace performance. Management believes these items allow readers to better correlate the Company's operating activities with the Company's ability to generate cash from operations. Accordingly, management uses these Non-GAAP measures along with comparable GAAP information when evaluating the Company's historical performance and future business activities. The Company's Non-GAAP measures may be different than those used by other companies and should be considered in conjunction with, and not as a substitute for, the Company's financial information presented in accordance with GAAP. Reconciliation of non-GAAP to corresponding GAAP measures is not possible at this time due to the fact that amortization, stock compensation expense and the impact of the mark-up of inventory to fair value for purchase accounting can only be determined in connection with the post-closing valuation of the assets and other post-closing activities of the Company.

Forward-Looking Statements:

This presentation contains forward-looking statements concerning the Company's acquisition of certain assets of the WLAN business from Zebra and the future operating performance and outlook of the Company and the combined company, as well as other future events and their potential effects on the Company and the combined company. These forward-looking statements involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by these statements. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update these statements. For a detailed description of these risks and uncertainties please refer to our most recent reports on Form 10-K, Form 10-Q, and Form 8-K filed with the SEC.



Transaction Highlights

- Acquisition of customers, employees, and technology assets from Zebra Technologies Corp. formerly Motorola Solutions
- Over \$115mm in annual revenue, adjusted 10% for revenue dis-synergy
- Expected to be cash flow and earnings accretive in FY17
- Purchase Price: \$55mm cash less deferred revenue of approx \$7mm
- Funded with cash on hand and committed financing under newly expanded credit facility
- Expected close in mid-October, subject to customary closing conditions and regulatory approvals.
- System integration to be complete within 45 days of closing.



Strategic Rationale

- Strengthens and expands our end-to-end, wired and wireless software-driven networking solutions for enterprise campus customers
- Positions Extreme as 3rd largest provider in our target markets for WLAN, the fastest growing segment in the networking industry
- Creates new growth opportunities in two vertical markets – retail and transportation/logistics with powerful global customers and expands reach further into the hospitality and manufacturing verticals
- Broadens product capabilities and service offerings across expanded vertical markets
- Aligned company culture, strategic priorities and market focus



Extreme's Target Market*

Focusing on \$9.4 Billion Segment of \$33.4 Billion Industry with TAM of \$11.9 Billion

Market	Total Market	Extreme TAM 2016	Targeted Vertical Markets	Extreme Only**	ZBRA WLAN Only***	CAGR (2015-2020)
Software (Management, Controls & Cloud)	\$1.8B	\$1.5B	\$1.2B	\$1.2B	\$0.0	6.8%
Wireless LAN	\$5.3B	\$1.8B	\$1.4B	\$1.0B	\$0.4B	6.3%
Data Center	\$10.9B	\$1.6B	\$1.0B	\$1.0B	\$0.0	0.9%
Ethernet Switching & Campus LAN	\$15.4B	\$7.1B	\$5.8B	\$5.0B	\$0.8B	0.4%
Total	\$33.4B	\$11.9B	\$9.4B	\$8.1B	\$1.3B	1.9%

* Based on Extreme estimates utilizing Gartner, IDC, Dell'Oro Group and publicly available information

** Overlapping markets (Healthcare, Manufacturing, Hospitality) are included in Extreme Targeted Vertical Markets only

*** Incremental Verticals added are Retail, Logistics and Transportation



Select Zebra WLAN Customers

RETAIL	HOSPITALITY	TRANSPORTATION	MANUFACTURING	MID-MARKET
				
				
				
				
				
				
				
				



When Two Visionaries Come Together – Our Technology



Branch
Locations

Unified
Wired+Wireless
Access

Cloud MGMT



Enterprise
Campus

Unified Access +
Data Center

On-premise
Centralized
MGMT



Branch+HQ
Locations

Location, Guest
Portal, Vertical
Specific

Centralized
MGMT



Wi-Fi Intrusion
Prevention

Location/
Positioning

Wi-Fi Forensics



ExtremeWorks™
Services + **New** Extreme Managed Services

Zebra WLAN Current Quarterly Operating Model Ranges

	Low	High
Revenue	\$29M	\$35M
Gross Margin	45%	49%
Operating Exp	\$12M	\$13.5M
Operating Inc	\$1.1M	\$3.5M

Note: Gross margin, operating expense and operating income are non-GAAP





Extreme[®]

Connect Beyond the Network

Thank You

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