

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (date of earliest event reported):

April 30, 2013

EXTREME NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

000-25711

(Commission File No.)

77-0430270

(I.R.S. Employer Identification No.)

3585 Monroe Street
Santa Clara, California 95051

(Address of principal executive offices)

Registrant's telephone number, including area code:

(408) 579-2800

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On April 30, 2013, Extreme Networks, Inc. (the “*Company*”) issued a press release announcing certain financial results for the quarter ended March 31, 2013. A copy of the press release is attached hereto as **Exhibit 99.1** and incorporated herein by reference in its entirety.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 to this Current Report on Form 8-K, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained in this Item 2.02 and in the accompanying Exhibit 99.1 shall not be incorporated by reference into any registration statement or other document filed by Extreme Networks with the Securities and Exchange Commission, whether made before or after the date of this Current Report, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference to this Item and Exhibit 99.1 in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 Press Release dated April 30, 2013, announcing the financial results of Extreme Networks, Inc. for the quarter ended March 31, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 30, 2013

EXTREME NETWORKS, INC.

By: /s/ JOHN KURTZWEIL

John Kurtzweil

*Senior Vice President, Chief Financial Officer, and Chief
Accounting Officer*

FOR IMMEDIATE RELEASE

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Extreme Networks Reports Third Fiscal Quarter 2013 Financial Results

SANTA CLARA, Calif., April 30, 2013 -- Extreme Networks, Inc. (Nasdaq: EXTR) today announced revenue of \$68.2 million for its third quarter of fiscal 2013 ending March 31, 2013. This represents a 7.0% decrease compared to revenue of \$73.4 million reported for the third quarter of fiscal 2012. GAAP net loss for the third quarter was \$2.2 million, or \$0.02 per diluted share, a decrease year-over-year compared to GAAP net income of \$2.4 million, or \$0.03 per diluted share, for the third quarter of fiscal 2012. On a non-GAAP basis, net income for the third quarter of fiscal 2013 was \$3.3 million, or \$0.04 per diluted share, compared to non-GAAP net income for the third quarter of fiscal 2012 of \$3.8 million, or \$0.04 per diluted share.

“Q3 non-GAAP earnings were in-line with the Company’s targets even though revenue was slightly below the target range. During the quarter we moved aggressively on our restructuring and the benefits are beginning to show in the workflow within the company as well as a \$3.8M reduction in non-GAAP operating expenses and improved gross margins,” stated John Kurtzweil, chief financial officer of Extreme Networks. “We are glad to have Chuck Berger join Extreme Networks as our CEO and look forward to his leadership to focus on expanding our market positioning and growing our business. He will be instrumental in driving the delivery of technology for our customers as well as increasing shareholder value.”

Fiscal Q3 2013 Financial Metrics:

Third Quarter

(in millions, except per share amounts and percentages)

(unaudited)

	2013	2012	Change	
Net Revenues				
Product	\$ 54.1	\$ 58.0	\$ (3.9)	(6.8)%
Service	\$ 14.1	\$ 15.4	\$ (1.3)	(8.0)%
Total Net Revenues	\$ 68.2	\$ 73.4	\$ (5.2)	(7.0)%
GAAP				
Gross Margin	55.6 %	56.2%	(0.6)%	
Operating Margin/Loss	(2.8)%		3.6%	
Net Income/Loss	\$ (2.2)	\$ 2.4	\$ (4.6)	
Earnings per diluted share	\$ (0.02)	\$ 0.03	\$ (0.05)	
Non-GAAP				
Gross Margin	55.9 %	56.4%	(0.5)%	
Operating Margin	5.3 %		5.6%	
Net Income	\$ 3.3	\$ 3.8	\$ (0.5)	
Earnings per diluted share	\$ 0.04	\$ 0.04	\$ —	
Diluted Shares	94.3	94.6	(0.3)	

- GAAP operating margin includes \$1.8 million of stock based compensation, legal fees and an associated litigation settlement of \$2.6 million and \$1.1 million from a previously announced restructuring charges associated with a plan to transition certain functions to a lower cost region and the reduction of certain facility related costs. These items are excluded from our non-GAAP operating margin.
- Cash and investments ended the quarter at \$189.1 million, as compared to \$196.2 million at Q2 of fiscal 2013. Free Cash flow was a negative \$2.5 million for the quarter and a positive \$4.4 million when payments related to restructuring of \$4.3M and the litigation settlement of \$2.6 are excluded. During the quarter, we repurchased 1.2 million shares for \$4.2 million. There remains \$64 million in the previously announced three year \$75 million buy-back program.
- Accounts receivable balance ending Q3 was \$43.6 million, a (net) increase of \$1.0 million from Q2 of fiscal 2013, with days sales outstanding (DSO) of 58, an increase of 6 days from Q2 of fiscal 2013. This increase was primarily due to receipt of customer orders and related shipments later in the quarter than normal.
- Inventory ending Q3 was \$15.7 million, a (net) decrease of \$2.2 million from Q2 of fiscal 2013 and represents 56 days of inventory (DOI), sequentially up 1 day from Q2 of fiscal 2013.

Recent Business Highlights:

- Charles W. Berger was named Extreme Networks president and chief executive officer and was elected to the Board of Directors.
- We began shipments of OpenFlow with the release of ExtremeXOS® 15.3 and SDN applications from Big Switch Networks. We will be demonstrating our SDN solutions at Interop in May and generated our first SDN revenue in April.

- We launched the Open Fabric Edge, a next generation campus edge architecture leveraging our open, high-performance, and resilient fabric technology. The Open Fabric Edge offers convergence across Ethernet for WLAN, Unified Communications (UC), Physical Security, and Audio Video Bridging (AVB). On the UC front we announced certification by Microsoft Lync, and we also announced with our partner Axis a unique method of IP camera control.
- Our ExtremeXOS OS now supports AVB, a new set of protocols supporting the convergence of professional audio and video across Ethernet. We support AVB across our product line, and have already generated first licensing revenue. Closely related to AVB is our work with Barco, where our Summit® X670 switch is the backbone of their new 'Operating Room over IP' operating room theater.
- Key customer bookings for the quarter reflecting our global customer base included Tsagi Central Aerohydrodynamics Institute in Russia, one of the largest scientific research institutes in the world, DataChambers in the United States, the King Fahd University in Saudi Arabia, the new headquarters for the largest SI in Korea, Samsung SDS, as well as a major subway deployment in India.

Business Outlook:

For its fourth quarter of fiscal 2013 ending June 30, 2013, the Company is targeting revenue in a range of \$73 million to \$77 million with GAAP and non-GAAP gross margin targeted to be between 54% and 55%. For both GAAP and non-GAAP, R&D expenses are targeted to be sequentially flat with Sales and Marketing expenses targeted to increase by \$0.5 million to \$1.0 million depending on revenue. G&A expenses on a GAAP basis are targeted to increase by \$1.0 million and non-GAAP G&A expenses are targeted to be sequentially flat; Restructuring charges are targeted to be \$0.5 million. GAAP net income is targeted at \$1.0 million to \$4.0 million, or \$0.01 to \$0.04 per diluted share. Non-GAAP net income is targeted in a range of \$4.0 million to \$7.0 million, or \$0.04 to \$0.08 per diluted share. The GAAP and non-GAAP net income targets are based on an estimated 92.5 million diluted weighted average shares. Targeted non-GAAP earnings exclude expenses related to stock-based compensation expense of approximately \$1.6 million, restructuring charges of approximately \$0.5 million and \$1.1 million of one-time CEO transition expenses.

The schedules attached are an integral part of the release.

Conference Call:

Extreme Networks will host a conference call at 5:00 p.m. Eastern (2:00 p.m. Pacific) today to review the highlights of the third fiscal quarter 2013 business outlook, including significant factors and assumptions underlying the targets noted above. The conference call will be available to the public through a live audio web broadcast via the Internet at <http://investor.extremenetworks.com> and a replay of the call will be available on the website through May 15, 2013. The conference call may also be heard by dialing 1-877-303-9826 and International callers' dial 1-224-357-2194, Conference ID: 93884800. Supplemental financial information to be discussed during the conference call will be posted in the Investor Relations section of the Company's website www.extremenetworks.com including the non-GAAP reconciliation attached to this press release.

About Extreme Networks:

Extreme Networks is a technology leader in high-performance Ethernet switching for cloud, data center and mobile networks. Based in Santa Clara, CA, Extreme Networks has more than 6,000 customers in over 50 countries. Extreme Networks is a trademark or registered trademark of Extreme Networks, Inc. in the United States and/or other countries.

For additional product and Company information, please refer to www.extremenetworks.com.

Non-GAAP Financial Measures:

Extreme Networks provides all financial information required in accordance with generally accepted accounting principles (GAAP). To supplement its consolidated financial statements presented in accordance with GAAP, the Company is also providing with this press release non-GAAP net income/(loss) and non-GAAP operating income/(loss). In preparing non-GAAP information, the Company has excluded, where applicable, the impact of restructuring charges, share-based compensation, litigation settlements, gain on the sale of facilities and the currency loss from closing subsidiaries. The Company believes that excluding these items provides both management and investors with additional insight into its current operations, the trends affecting the Company and the Company's marketplace performance. In particular, management finds it useful to exclude these items in order to more readily 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 the comparable GAAP information, in evaluating the Company's historical performance and in planning its future business activities. Please note that the Company's non-GAAP measures may be different than those used by other companies. The additional non-GAAP financial information the Company presents should be considered in conjunction with, and not as a substitute for, the Company's financial information presented in accordance with GAAP. The Company has provided a non-GAAP reconciliation of the Condensed Consolidated Statement of Operations for the periods presented in this release, which are adjusted to exclude restructuring charges, share-based compensation expense and litigation settlements for these periods. These measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures for comparable financial information and understanding of the Company's ongoing performance as a business. Extreme Networks uses both GAAP and non-GAAP measures to evaluate and manage its operations.

Forward Looking Statements:

Actual results, including with respect to the Company's financial targets and general business prospects, could differ materially due to a number of factors, including the risk that the Company may not obtain sufficient orders to achieve targeted revenues for the Company's products and services given both increasing price competition in key network switching equipment markets and the need to align the Company's cost structure to meet the Company's financial goals; the Company's effectiveness in controlling expenses, including the risk that the Company's restructuring efforts may not achieve as significant a reduction in operating expenses as anticipated, the risk that it or its distributors and other channel partners are not able to develop and expand customer bases and accurately anticipate demand from end customers, which can result in increased inventory and reduced orders as it experiences wide fluctuations in supply and demand; the risk that its results will suffer if it is unable to balance fluctuations in customer demand and capacity; risks associated with the ramp-up of production of its new products and its entry into new business channels different from those in which it has historically operated; the risk that it may experience production delays that preclude it from shipping sufficient quantities to meet customer orders or that result in higher production costs and lower margins; ongoing uncertainty in global economic conditions, infrastructure development or customer demand that could negatively affect product demand, collectability of receivables and other related matters as consumers and businesses may defer purchases or payments, or default on payments; its ability to complete development and commercialization of products under development, such as its pipeline of new

network switches and related software; its ability to lower costs; risks resulting from the concentration of business among few customers, including the risk that customers may reduce or cancel orders or fail to honor purchase commitments; the rapid development of new technology and competing products that may impair demand or render its products obsolete; the potential lack of customer acceptance for new products; and risks associated with ongoing litigation; a dependency on third parties for certain components and for the manufacturing of the Company's products.

More information about potential factors that could affect the Company's business and financial results is included in its filings with the Securities and Exchange Commission, including, without limitation, under the captions: "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Risk Factors," which are on file with the Securities and Exchange Commission. Except as required under the U.S. federal securities laws and the rules and regulations of the SEC, Extreme Networks disclaims any obligation to update any forward-looking statements after the date of this release, whether as a result of new information, future events, developments, changes in assumptions or otherwise.

EXTREME NETWORKS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	<u>March 31, 2013</u>	<u>June 30, 2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77,592	\$ 54,596
Short-term investments	42,336	23,358
Accounts receivable, net of allowances of \$1,518 at March 31, 2013 and \$1,646 at June 30, 2012	43,612	41,166
Inventories	15,658	26,609
Deferred income taxes	288	644
Prepaid expenses and other current assets	5,690	5,655
Assets held for sale	—	17,081
Total current assets	<u>185,176</u>	<u>169,109</u>
Property and equipment, net	11,220	25,180
Marketable securities	69,171	75,561
Intangible assets, net	4,273	5,106
Other assets	8,593	9,634
Total assets	<u>\$ 278,433</u>	<u>\$ 284,590</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,336	\$ 19,437
Accrued compensation and benefits	10,882	13,409
Restructuring liabilities	1,774	463
Accrued warranty	2,896	2,871
Deferred revenue, net	32,400	31,769
Deferred distributors revenue, net of cost of sales to distributors	13,532	15,319
Other accrued liabilities	12,784	13,480
Total current liabilities	<u>84,604</u>	<u>96,748</u>
Deferred revenue, less current portion	8,007	7,559
Other long-term liabilities	1,401	643
Commitments and contingencies		
Stockholders' equity	184,421	179,640
Total liabilities and stockholders' equity	<u>\$ 278,433</u>	<u>\$ 284,590</u>

EXTREME NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2013	April 1, 2012	March 31, 2013	April 1, 2012
Net revenues:				
Product	\$ 54,072	\$ 58,009	\$ 175,450	\$ 189,316
Service	14,131	15,359	44,431	45,758
Total net revenues	68,203	73,368	219,881	235,074
Cost of revenues:				
Product	25,206	26,623	85,059	86,922
Service	5,060	5,534	16,171	17,137
Total cost of revenues	30,266	32,157	101,230	104,059
Gross profit:				
Product	28,866	31,386	90,391	102,394
Service	9,071	9,825	28,260	28,621
Total gross profit	37,937	41,211	118,651	131,015
Operating expenses:				
Research and development	9,381	20,657	30,954	65,512
Sales and marketing	20,644	10,376	64,764	33,866
General and administrative	6,288	7,553	18,292	21,777
Restructuring charge, net of reversals	1,076	(35)	6,242	1,357
Litigation Settlement, net	2,450	—	2,029	—
Gain on sale of facilities	—	—	(11,539)	—
Total operating expenses	39,839	38,551	110,742	122,512
Operating (loss) income	(1,902)	2,660	7,909	8,503
Interest income	256	294	786	929
Interest expense	—	—	—	(75)
Other expense, net	(165)	(73)	(814)	(55)
(Loss) income before income taxes	(1,811)	2,881	7,881	9,302
Provision for income taxes	409	509	1,392	1,240
Net (loss) income	\$ (2,220)	\$ 2,372	\$ 6,489	\$ 8,062
Basic and diluted net (loss)income per share:				
Net (loss) income per share - basic	\$ (0.02)	\$ 0.03	\$ 0.07	\$ 0.09
Net (loss) income per share - diluted	\$ (0.02)	\$ 0.03	\$ 0.07	\$ 0.09
Shares used in per share calculation - basic	92,968	93,659	94,069	93,205
Shares used in per share calculation - diluted	92,968	94,600	95,094	94,245

EXTREME NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	March 31, 2013	April 1, 2012
Net cash provided by operating activities	\$ 7,003	\$ 6,407
Cash flows from investing activities:		
Capital expenditures	(4,422)	(4,421)
Purchases of investments	(40,113)	(53,318)
Proceeds from maturities of investments and marketable securities	13,867	28,297
Proceeds from sales of investments and marketable securities	12,478	25,812
Purchase of intangible assets	(335)	(275)
Proceeds from sales of facilities	42,659	—
Net cash provided by (used in) investing activities	24,134	(3,905)
Cash flows from financing activities:		
Proceeds from issuance of common stock	2,539	753
Repurchases of common stock	(10,973)	—
Deposit from sale of buildings	—	1,001
Net cash (used in) provided by financing activities	(8,434)	1,754
Foreign currency effect on cash	293	(905)
Net increase (decrease) in cash and cash equivalents	22,996	3,351
Cash and cash equivalents at beginning of period	54,596	49,972
Cash and cash equivalents at end of period	<u>\$ 77,592</u>	<u>\$ 53,323</u>

Extreme Networks, Inc.

Non-GAAP Measures of Financial Performance

To supplement the Company's consolidated financial statements presented in accordance with generally accepted accounting principles, or GAAP, Extreme Networks uses non-GAAP measure of certain components of financial performance. These non-GAAP measures include non-GAAP net income, non-GAAP earnings per diluted share, non-GAAP gross margin, non-GAAP operating expenses and free cash flow.

Reconciliation to the nearest GAAP measure of all historical non-GAAP measures included in this press release can be found in the tables included with this press release. In this press release, Extreme Networks also presents its target for non-GAAP expenses, which is expenses less stock based compensation expense, litigation settlements, restructuring expenses, gains related to the sale of the Santa Clara campus and currency gains or losses related to closing of certain foreign subsidiaries.

Non-GAAP measures presented in this press release are not in accordance with or an alternative measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. In addition these, non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Extreme Networks' results of operations as determined in accordance with GAAP. These non-GAAP measures should only be used to evaluate Extreme Networks' results of operations in conjunction with the corresponding GAAP measures.

Extreme Networks believes that these non-GAAP measures when shown in conjunction with the corresponding GAAP measures enhance investors' and management's overall understanding of the Company's current financial performance and the Company's prospects for the future, including cash flows available to pursue opportunities to enhance shareholder value. In addition, because Extreme Networks has historically reported certain non-GAAP results to investors, the Company believes that the inclusion of non-GAAP measures provides consistency in the Company's financial reporting.

For its internal planning process, and as discussed further below, Extreme Network's management uses financial statements that do not include stock-based compensation expense, litigation settlement gains or losses, restructuring expenses , gains related to the sale of the Santa Clara campus and. currency gains or losses related to closing of certain foreign subsidiaries. Extreme Networks' management also uses non-GAAP measures, in addition to the corresponding GAAP measures, in reviewing the Company's financial results.

As described above, Extreme Networks excludes the following items from one or more of its non-GAAP measures when applicable.

Stock based compensation expense. This expense consists of expenses for stock options, restricted stock and employee stock purchases through its ESPP. Extreme Networks excludes stock based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses that the Company does not believe are reflective of ongoing cash requirement related to operating results. Extreme Networks expects to incur stock-based compensation expenses in future periods.

Restructuring expenses. Restructuring expenses primarily consist of cash severance and termination benefits. Extreme Networks excludes restructuring expenses since they result from events that often occur outside of the ordinary course of continuing operations. Extreme Networks expects to incur restructuring expenses in future periods

Gains related to the sale of facilities. The one-time net gain related to the sale of the Santa Clara campus consist of the gross proceeds of the sale less the expenses directly related to the sale such as commissions, closing costs and legal fees. Extreme Networks excludes this gain because it is a one-time event and does not believe that the gain is reflective of ongoing operations.

Currency gains or losses related to closing of certain foreign subsidiaries. This is related to the closing of our Japanese subsidiary. This has accumulated over time and has historically been included in Other Comprehensive Income. Extreme Networks excludes these gains and losses as it is a one-time event and does not believe it is reflective of ongoing operations.

In addition to the non-GAAP measures discussed above, Extreme Networks also uses free cash flow as a measure of operating performance. Free cash flow represents operating cash flows less net purchase of property and equipment. Extreme Networks considers free cash flows to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases of property and equipment, which can then be used to, among other things, invest in Extreme Networks business, make strategic acquisitions, strengthen the balance sheet and repurchase

stock. A limitation of the utility of free cash flows as a measure of financial performance is that it does not represent the total increases or decrease in the Company's cash balance for the period.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
GAAP TO NON-GAAP RECONCILIATION
(In thousands, except per share amounts)
(Unaudited)

Non-GAAP Gross Margin

	Three Months Ended		Nine Months Ended	
	March 31, 2013	April 1, 2012	March 31, 2013	April 1, 2012
Gross profit - GAAP Basis	\$ 37,937	\$ 41,211	\$ 118,651	\$ 131,015
Gross margin - GAAP Basis percentage	55.6 %	56.2%	54.0%	55.7%
Adjustments:				
Stock based compensation expense	\$ 179	\$ 140	\$ 717	\$ 575
Gross profit - Non-GAAP Basis	\$ 38,116	\$ 41,351	\$ 119,368	\$ 131,590
Gross margin - Non-GAAP Basis percentage	55.9 %	56.4%	54.3%	56.0%

Non-GAAP Operating Income

	Three Months Ended		Nine Months Ended	
	March 31, 2013	April 1, 2012	March 31, 2013	April 1, 2012
GAAP operating (loss) income	\$ (1,902)	\$ 2,660	\$ 7,909	\$ 8,503
GAAP operating income percentage	(2.8)%	3.6%	3.6%	3.6%
Adjustments:				
Stock based compensation expense	\$ 1,841	\$ 1,476	\$ 5,625	\$ 4,652
Restructuring charge, net of reversals	\$ 1,076	\$ (35)	\$ 6,242	\$ 1,357
Litigation Settlement, net	\$ 2,618	\$ —	\$ 2,197	\$ —
Gain on sale of facilities	\$ —	\$ —	\$ (11,539)	\$ —
Total adjustments to GAAP operating income	\$ 5,535	\$ 1,441	\$ 2,525	\$ 6,009
Non-GAAP operating income	\$ 3,633	\$ 4,101	\$ 10,434	\$ 14,512
Non-GAAP operating income percentage	5.3 %	5.6%	4.7%	6.2%

Non-GAAP Net Income

	Three Months Ended		Nine Months Ended	
	March 31, 2013	April 1, 2012	March 31, 2013	April 1, 2012
GAAP net (loss) income	\$ (2,220)	\$ 2,372	\$ 6,489	\$ 8,062
Adjustments:				
Stock based compensation expense	\$ 1,841	\$ 1,476	\$ 5,625	\$ 4,652
Restructuring charge, net of reversals	\$ 1,076	\$ (35)	\$ 6,242	\$ 1,357
Litigation Settlement, net	\$ 2,618	\$ —	\$ 2,197	\$ —
Gain on sale of facilities	\$ —	\$ —	\$ (11,539)	\$ —
Currency loss from closing of a foreign subsidiary	\$ —	\$ —	\$ 465	\$ —
Total adjustments to GAAP net income	\$ 5,535	\$ 1,441	\$ 2,990	\$ 6,009
Non-GAAP net income	\$ 3,315	\$ 3,813	\$ 9,479	\$ 14,071
Earnings per share				
Non-GAAP diluted net income per share	\$ 0.04	\$ 0.04	\$ 0.10	\$ 0.15
Shares used in diluted net income per share calculation	94,254	94,600	95,094	94,245

Free Cash Flow

	Three Months Ended		Nine Months Ended	
	March 31, 2013	April 1, 2012	March 31, 2013	April 1, 2012
Cash flow provided by (used in) operations	\$ (1,075)	\$ 2,451	\$ 7,003	\$ 6,407
Add: PP&E CapEx spending	\$ (1,396)	\$ (2,410)	\$ (4,422)	\$ (4,421)
Total free cash flow	\$ (2,471)	\$ 41	\$ 2,581	\$ 1,986