

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE TO  
(RULE 13E-4)

Tender Offer Statement under Section 14(d)(1) OR 13(e)(1)  
of the Securities and Exchange Act of 1934

EXTREME NETWORKS, INC.  
(Name of Subject Company ("Issuer") and Filing Person ("Offeror"))

Options to purchase Common Stock, par value \$0.001 per share  
(Title of Class of Securities)

30226D  
(CUSIP Number of Class of Securities)  
(Underlying Common Stock)

Gordon L. Stitt  
President and Chief Executive Officer  
Extreme Networks, Inc.  
3585 Monroe Street  
Santa Clara, California 95051  
(408) 579-2800  
(Name, Address, and Telephone Number of Person  
Authorized to Receive Notices and Communications  
on Behalf of Filing Person)

CALCULATION OF FILING FEE

Transaction Valuation\*  
\$139,522,081

Amount of Filing Fee  
\$27,910.42

\* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 15,436,910 shares of common stock of Extreme Networks, Inc. having an aggregate value of \$139,522,081 as of October 29, 2001 will be acquired in connection with this Offer. The aggregate value of such options was calculated based on the Black-Scholes option pricing model. The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals 1/50th of one percent of the value of the transaction.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by Registration Statement Number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable  
Form or Registration No.: Not applicable  
Filing party: Not applicable  
Date filed: Not applicable

Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes to designate any transactions to which the Statement relates:

Third-party tender offer subject to Rule 14D-1.

Issuer Tender Offer subject to Rule 13E-4.

Going-private transaction subject to Rule 13E-3.

Amendment to Schedule 13D under Rule 13D-2.

Check the following box if the filing is a final amendment reporting the results of the Tender Offer:

Item 1. Summary of Terms.

The information set forth under "Summary of Terms" in the Offer to Exchange, dated October 31, 2001 (the "Offer to Exchange"), attached hereto as Exhibit (a)(1), is incorporated herein by reference.

## **Item 2. Subject Company Information.**

(a) The name of the issuer is Extreme Networks, Inc., a Delaware corporation (the “Company”), and the address of its principal executive office is 3585 Monroe Street, Santa Clara, California 95051. The telephone number of its principal executive office is (408) 579-2800. The information set forth in the Offer to Exchange under Section 41 (“Information Concerning Extreme Networks”) is incorporated herein by reference.

(b) This Tender Offer Statement on Schedule TO relates to an offer by the Company to certain employees to exchange certain options to purchase shares of the Company’s Common Stock, par value \$0.001 per share that are outstanding under the Company’s (i) Amended 1996 Stock Option Plan, as may be amended from time-to-time (the “1996 Plan”), (ii) 2000 Nonstatutory Stock Option Plan, as may be amended from time-to-time (the “2000 Plan”), and (iii) 2001 Nonstatutory Stock Option Plan, as may be amended from time-to-time (the “2001 Plan,” collectively, with the 1996 Plan and the 2000 Plan, the “Option Plans”) for new options to purchase Common Stock that will be granted under either the 1996 Plan, the 2000 Plan or the 2001 Plan, at the discretion of the Company’s Board of Directors (the “New Options”), upon the terms and subject to the conditions described in the Offer to Exchange. Employees are eligible to participate in the Offer to Exchange if they are employees of the Company or its subsidiaries as of December 3, 2001 and remain employees through the date on which the New Options are granted. The Company’s executive officers, directors and vice presidents are not eligible to participate in the Offer to Exchange.

As of October 24, 2001, there were options to purchase 25,107,935 shares of the Company’s Common Stock outstanding under the Option Plans. The information set forth in the Offer to Exchange under “Summary of Terms,” Section 1 (“Number of Options; Expiration Date”), Section 5 (“Acceptance of Eligible Options for Exchange and Cancellation and Issuance of New Options”) and Section 8 (“Source and Amount of Consideration; Terms of New Options”) is incorporated herein by reference.

(c) The information set forth in the Offer to Exchange under Section 7 (“Price Range of Common Stock Underlying Options”) is incorporated herein by reference.

## **Item 3. Identity and Background of Filing Person.**

(a) The Company is the filing person. The information set forth under Item 2(a) above is incorporated herein by reference. The information set forth in the Offer to Exchange under Section 3 (“Procedures for Tendering Options”) is incorporated herein by reference. The information set forth in Schedule A to the Offer to Exchange is incorporated herein by reference.

## **Item 4. Terms of the Transaction.**

(a) The information set forth in the Offer to Exchange under “Summary of Terms,” Section 1 (“Number of Options; Expiration Date”), Section 2, (“Purpose of the Offer”), Section 3 (“Procedures for Tendering Options”), Section 4 (“Change in Election; Withdrawal Rights”), Section 5 (“Acceptance of Eligible Options for Exchange and Cancellation and Issuance of New Options”), Section 6 (“Conditions to the Offer”), Section 7 (“Price Range of Common Stock Underlying Options”), Section 8 (“Source and Amount of Consideration; Terms of New Options”), Section 9 (“Interests of Directors and Officers”), Section 10 (“Status of Eligible Options Acquired by Us in the Offer”), Section 11 (“Legal Matters; Regulatory Approvals”), Section 12 (“Material U.S. Federal Income Tax Consequences”), Section 13 (“Material Tax Consequences for Employees who are Tax Residents in Argentina”), Section 14 (“Material Tax Consequences for Employees who are Tax Residents in Australia”), Section 15 (“Material Tax Consequences for Employees who are Tax Residents in Belgium”), Section 16 (“Material Tax Consequences for Employees who are Tax Residents in Brazil”), Section 17 (“Material Tax Consequences for Employees who are Tax Residents in Canada”), Section 18 (“Material Tax Consequences for Employees who are

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Tax Residents in Chile”), Section 19 (“Material Tax Consequences for Employees who are Tax Residents in China”), Section 20 (“Material Tax Consequences for Employees who are Tax Residents in Denmark”), Section 21 (“Material Tax Consequences for Employees who are Tax Residents in Finland”), Section 22 (“Material Tax Consequences for Employees who are Tax Residents in France”), Section 23 (“Material Tax Consequences for Employees who are Tax Residents in Germany”), Section 24 (“Material Tax Consequences for Employees who are Tax Residents in Hong Kong”), Section 25 (“Material Tax Consequences for Employees who are Tax Residents in Italy”), Section 26 (“Material Tax Consequences for Employees who are Tax Residents in Japan”), Section 27 (“Material Tax Consequences for Employees who are Tax Residents in Korea”), Section 28 (“Material Tax Consequences for Employees who are Tax Residents in Malaysia”), Section 29 (“Material Tax Consequences for Employees who are Tax Residents in Mexico”), Section 30 (“Material Tax Consequences for Employees who are Tax Residents in The Netherlands”), Section 31 (“Material Tax Consequences for Employees who are Tax Residents in New Zealand”), Section 32 (“Material Tax Consequences for Employees who are Tax Residents in Norway”), Section 33 (“Material Tax Consequences for Employees who are Tax Residents in Singapore”), Section 34 (“Material Tax Consequences for Employees who are Tax Residents in Spain”), Section 35 (“Material Tax Consequences for Employees who are Tax Residents in Sweden”), Section 36 (“Material Tax Consequences for Employees who are Tax Residents in Taiwan”), Section 37 (“Material Tax Consequences for Employees who are Tax Residents in the United Arab Emirates”), Section 38 (“Material Tax Consequences for Employees who are Tax Residents in the United Kingdom”), Section 39 (“Extension of the Offer; Termination; Amendment”), Section 40 (“Fees and Expenses”), Section 41 (“Information Concerning Extreme Networks”) and Section 42 (“Forward Looking Statements; Miscellaneous”) is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 9 (“Interests of Directors and Officers”) is incorporated herein by reference.

## **Item 5. Past Contacts, Transactions, Negotiations and Arrangements.**

(e) The information set forth in the Offer to Exchange under Section 9 (“Interests of Directors and Officers”) is incorporated herein by reference.

## **Item 6. Purposes of the Transaction and Plans or Proposals.**

(a) The information set forth in the Offer to Exchange under Section 2 (“Purpose of the Offer”) is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 5 (“Acceptance of Eligible Options for Exchange and Cancellation and Issuance of New Options”) and Section 10 (“Status of Eligible Options Acquired by Us in the Offer”) is incorporated herein by reference.

(c) The information set forth in the Offer to Exchange under Section 2 (“Purpose of the Offer”) is incorporated herein by reference.

## **Item 7. Source and Amount of Funds or Other Consideration.**

(a) The information set forth in the Offer to Exchange under Section 8 (“Source and Amount of Consideration; Terms of New Options”) and Section 40 (“Fees and Expenses”) is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 6 (“Conditions to the Offer”) is incorporated herein by reference.

(d) Not applicable.

**Item 8. Interest in Securities of the Subject Company.**

(a) The information set forth in the Offer to Exchange under Section 9 (“Interests of Directors and Officers”) is incorporated herein by reference.

3

(b) The information set forth in the Offer to Exchange under Section 9 (“Interests of Directors and Officers”) is incorporated herein by reference.

**Item 9. Persons/Assets, Retained, Employed, Compensated or Used.**

(a) Not applicable.

**Item 10. Financial Statements.**

(a) The information set forth in the Offer to Exchange under Section 41 (“Information Concerning Extreme Networks”), and in the Company’s Annual Report on Form 10-K for its fiscal year ended July 1, 2001, filed with the Securities Exchange Commission on September 26, 2001 which contains Extreme’s financial statements is incorporated herein by reference. A copy of the Annual Report on Form 10-K can be accessed electronically on the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov).

(b) Not applicable.

**Item 11. Additional Information.**

(a) The information set forth in the Offer to Exchange under Section 9 (“Interests of Directors and Officers”), Section 11 (“Legal Matters; Regulatory Approvals”) and Section 41 (“Information Concerning Extreme Networks”) is incorporated herein by reference.

(b) Not applicable.

**Item 12. Exhibits.**

Exhibit Number	Description
(a)(1)	Offer to Exchange dated October 31, 2001.
(a)(2)	Email sent to employees of the Company on October 31, 2001.
(a)(3)	Form of Online Election Form.
(a)(4)	Question and Answer Regarding Stock Option Exchange sent to employees of the Company on October 31, 2001.
(a)(5)	Stock Option Exchange Employee Presentation sent to employees of the Company on October 31, 2001.
(a)(6)	Extreme Networks, Inc. Annual Report on Form 10-K for its fiscal year ended July 1, 2001, filed with the Securities and Exchange Commission on September 26, 2001, is incorporated herein by reference.
(b)	Not Applicable.
(d)(1)	Extreme Networks, Inc. Amended 1996 Stock Option Plan, as amended.
(d)(2)	Extreme Networks, Inc. Amended 1996 Stock Option Plan Prospectus.
(d)(3)	Form of Notice of Grant of Stock Options and Stock Option Agreement pursuant to the Extreme Networks, Inc. Amended 1996 Stock Option Plan.
(d)(4)	Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan.
(d)(5)	Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan Prospectus.
(d)(6)	Form of Notice of Grant of Stock Options and Stock Option Agreement pursuant to the Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan.
(d)(7)	Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan.
(d)(8)	Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan Prospectus.
(d)(9)	Form of Notice of Grant of Stock Options and Stock Option Agreement pursuant to the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan.
(g)	Not Applicable.
(h)	Not Applicable.

**Item 13. Information Required By Schedule 13E-3.**

(a) Not applicable.

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule TO is true, complete and correct.

**EXTREME NETWORKS, INC.**

/s/ Harold L. Covert

Harold L. Covert  
Chief Financial Officer

Dated: October 31, 2001

5

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**INDEX TO EXHIBITS**

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(a)(5)	<a href="#">Stock Option Exchange Employee Presentation sent to employees of the Company on October 31, 2001.</a>
(a)(6)	Extreme Networks, Inc. Annual Report on Form 10-K for its fiscal year ended July 1, 2001, filed with the Securities and Exchange Commission on September 26, 2001, is incorporated herein by reference.
(b)	Not Applicable.
(d)(1)	Extreme Networks, Inc. Amended 1996 Stock Option Plan, as amended.
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(d)(5)	Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan Prospectus.
(d)(6)	Form of Notice of Grant of Stock Options and Stock Option Agreement pursuant to the Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan.
(d)(7)	Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan.
(d)(8)	Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan Prospectus.
(d)(9)	Form of Notice of Grant of Stock Options and Stock Option Agreement pursuant to the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan.
(g)	Not Applicable.
(h)	Not Applicable.

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6

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EXTREME NETWORKS, INC.

OFFER TO EXCHANGE OUTSTANDING OPTIONS HAVING AN EXERCISE PRICE PER SHARE  
OF \$10.00 OR MORE FOR NEW OPTIONS  
UNDER THE AMENDED 1996 STOCK OPTION PLAN,  
THE 2000 NONSTATUTORY STOCK OPTION PLAN, AND THE  
2001 NONSTATUTORY STOCK OPTION PLAN

THIS OFFER AND THE RIGHT TO WITHDRAW FROM THIS OFFER EXPIRES AT 12:00 MIDNIGHT,  
PACIFIC TIME, ON DECEMBER 3, 2001, UNLESS WE EXTEND THIS OFFER

This Supplement constitutes part of the Section 10(a) prospectuses relating to  
the Extreme Networks, Inc. Amended 1996 Stock Option Plan, the 2000 Nonstatutory  
Stock Option Plan and the 2001 Nonstatutory Stock Option Plan Stock Plan.

EXTREME NETWORKS, INC.  
OFFER TO EXCHANGE CERTAIN OUTSTANDING OPTIONS  
HAVING AN EXERCISE PRICE PER SHARE OF \$10.00 OR MORE FOR NEW OPTIONS (THE  
"OFFER TO EXCHANGE") UNDER THE AMENDED 1996 STOCK OPTION PLAN,  
THE 2000 NONSTATUTORY STOCK OPTION PLAN, AND THE  
2001 NONSTATUTORY STOCK OPTION PLAN

THIS OFFER AND THE RIGHT TO WITHDRAW FROM THIS OFFER EXPIRES AT 12:00 MIDNIGHT,  
PACIFIC TIME, ON DECEMBER 3, 2001, (THE "EXPIRATION DATE")  
UNLESS WE EXTEND THIS OFFER

OCTOBER 31, 2001

Extreme Networks, Inc. ("Extreme") is offering its employees the opportunity to exchange certain outstanding options to purchase shares of Extreme common stock for new options which will, at the discretion of our Board of Directors (or a committee appointed by the Board of Directors), be granted under either the Extreme Networks, Inc. Amended 1996 Stock Option Plan as may be amended from time-to-time (the "1996 Plan"), the Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan, as may be amended from time-to-time (the "2000 Plan") or the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan, as may be amended from time-to-time (the "2001 Plan"). We are making the Offer upon the terms and conditions described in this Offer to Exchange and the attached Summary of Terms (which together, as they may be amended from time-to-time, constitute the "Offer"). This Offer is not conditioned upon a minimum number of Eligible Options (as defined below) being exchanged. This Offer is subject to conditions that we describe in Section 6 of this Offer to Exchange.

We are offering our employees, excluding our executive officers, directors and vice presidents, the opportunity to exchange certain outstanding options that have an exercise price greater than or equal to \$10.00 (the "Eligible Options") for new options to purchase shares of our common stock (the "New Options"). If you accept this Offer and tender Eligible Options for exchange, as a condition to exchanging Eligible Options for New Options, those option grants you may have received and tendered for exchange will be cancelled in their entirety on the first business day following the Expiration Date (the "Cancellation Date"). Further, if you wish to accept this Offer and tender Eligible Options for exchange then, except for those option grants cancelled, you must exchange all of those options that were granted within the period that is six months prior to the Cancellation Date. Also, you may only tender options for all or none of the outstanding, unexercised shares subject to an individual Eligible Option grant. The New Options will be granted on a date which is at least six months and one day after the Cancellation Date (the "New Option Grant Date").

Each eligible employee who accepts the Offer will receive one New Option for the same number of shares subject to each option tendered in the exchange. Subject to the terms and conditions of this Offer, the New Options will be granted on a date which is at least six months and one day after the Cancellation Date. Assuming we do not extend the Expiration Date, we presently expect to grant the New Options no earlier than June 5, 2002. The Offer is presently scheduled to expire on December 3, 2001 and we expect the Cancellation Date to be December 4, 2001, or promptly thereafter. Since we presently expect to cancel all tendered options on December 4, 2001, this means that if you participate in the Offer, you will be required to tender all options granted to you since June 4, 2001. The Offer is not conditioned on a minimum number of options being tendered. Participation in the Offer is completely voluntary. The Offer is subject to the conditions that we describe in Section 6 of this Offer.

You may participate in the Offer if you are an employee of Extreme or one of its subsidiaries, but are not an executive officer, director or vice president of the Company, and have an Eligible Option. Please note that in order to receive a New Option, you must continue to be an eligible employee through the New Option Grant Date, which will be at least six months and one day after the Cancellation Date, and

which we currently expect to be no earlier than June 5, 2002. If you are not employed on the New Option Grant date, you will have forfeited your options.

If you tender Eligible Options for exchange as described in the Offer, and we accept your tendered Eligible Options, then, subject to the terms of the Offer, we will grant you the New Options under and subject to the terms of either the 1996 Plan, the 2000 Plan, or the 2001 Plan, at the discretion of our Board of Directors (or a committee appointed by the Board of Directors).

The exercise price per share of the New Options will be 100% of the fair market value of our common stock as determined by the closing price reported on Nasdaq on the New Option Grant Date.

The New Options for all Eligible Options exchanged will have a vesting schedule that is based on the grant date of the Eligible Option exchanged, as follows:

- If the Eligible Option exchanged for the New Option has a grant date in 1999, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 24 months.
- If the Eligible Option exchanged for the New Option has a grant date between January 1, 2000 and June 30, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 28 months.
- If the Eligible Option exchanged for the New Option has a grant date between July 1, 2000 and December 31, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 32 months.
- If the Eligible Option exchanged for the New Option has a grant date in 2001, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 36 months.

ALTHOUGH OUR BOARD OF DIRECTORS HAS APPROVED THIS OFFER, NEITHER WE NOR OUR BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS FOR EXCHANGE. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTIONS.

WE RECOMMEND THAT YOU OBTAIN CURRENT MARKET QUOTATIONS FOR OUR COMMON STOCK BEFORE DECIDING WHETHER TO ELECT TO EXCHANGE YOUR ELIGIBLE OPTIONS.

Shares of our common stock are quoted on Nasdaq under the symbol "EXTR." On October 29, 2001, the closing price of our common stock as reported on Nasdaq was \$11.64 per share.

You should direct questions about this Offer or requests for assistance in completing the related documentation to Bill Barthell, Legal Department at Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, California 95051, bbarthell@extremenetworks.com, telephone (408) 579-2613.

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THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (SEC) OR ANY STATE SECURITIES COMMISSION NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IMPORTANT

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If you wish to tender your options for exchange, you must complete the online election form (the "Online Election Form") found on Extreme Networks' internal website created for this Offer (<https://exchange.extremenetworks.com>), before 12:00 midnight, Pacific Time, on December 3, 2001, unless the Offer is extended.

We are not making the Offer to employees in any jurisdiction in which the Offer or the acceptance of any tender of Eligible Options would not be in compliance with the laws of that jurisdiction and we will not accept any tender of Eligible Options in such jurisdiction. However, we may, at our discretion, take any actions necessary for us to make the Offer to the employees in such jurisdiction.

THE EXERCISE PRICE OF THE NEW OPTIONS WILL BE THE FAIR MARKET VALUE OF OUR COMMON STOCK ON THE NEW OPTION GRANT DATE. WE CANNOT GUARANTEE THAT THE NEW OPTIONS WILL HAVE A LOWER EXERCISE PRICE THAN THE ELIGIBLE OPTIONS. The decision to accept the Offer is an individual one that should be based on a variety of factors, and you should consult your personal advisors if you have questions about your financial or tax situation. The information about this Offer is limited to this document, the attached Summary of Terms and the Tender Offer Statement on Schedule TO.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE OFFER. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT, THE ATTACHED SUMMARY OF TERMS AND THE TENDER OFFER STATEMENT ON SCHEDULE TO. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

TABLE OF CONTENTS

-----

SUMMARY OF TERMS .....	1
CERTAIN RISKS OF PARTICIPATING IN THE OFFER .....	7
THE OFFER TO EXCHANGE .....	9
1. Number of Options; Expiration Date .....	9
2. Purpose of the Offer .....	10
3. Procedures for Tendering Options .....	11
4. Change in Election; Withdrawal Rights .....	11
5. Acceptance of Eligible Options for Exchange and Cancellation and Issuance of New Options .....	12
6. Conditions to the Offer .....	12
7. Price Range of Common Stock Underlying Options .....	14
8. Source and Amount of Consideration; Terms of New Options .....	14
9. Interests of Directors and Officers .....	17
10. Status of Eligible Options Acquired by Us in the Offer .....	18
11. Legal Matters; Regulatory Approvals .....	19
12. Material U.S. Federal Income Tax Consequences .....	19
13. Material Tax Consequences for Employees who are Tax Residents in Argentina .....	19
14. Material Tax Consequences for Employees who are Tax Residents in Australia .....	20
15. Material Tax Consequences for Employees who are Tax Residents in Belgium .....	21
16. Material Tax Consequences for Employees who are Tax Residents in Brazil .....	21
17. Material Tax Consequences for Employees who are Tax Residents in Canada .....	22
18. Material Tax Consequences for Employees who are Tax Residents in Chile .....	23
19. Material Tax Consequences for Employees who are Tax Residents in China .....	23
20. Material Tax Consequences for Employees who are Tax Residents in Denmark .....	24
21. Material Tax Consequences for Employees who are Tax Residents in Finland .....	24
22. Material Tax Consequences for Employees who are Tax Residents in France .....	25
23. Material Tax Consequences for Employees who are Tax Residents in Germany .....	25
24. Material Tax Consequences for Employees who are Tax Residents in Hong Kong .....	26
25. Material Tax Consequences for Employees who are Tax Residents in Italy .....	26
26. Material Tax Consequences for Employees who are Tax Residents in Japan .....	27
27. Material Tax Consequences for Employees who are Tax Residents in Korea .....	27
28. Material Tax Consequences for Employees who are Tax Residents in Malaysia .....	27
29. Material Tax Consequences for Employees who are Tax Residents in Mexico .....	28
30. Material Tax Consequences for Employees who are Tax Residents in The Netherlands .....	29
31. Material Tax Consequences for Employees who are Tax Residents in New Zealand .....	29
32. Material Tax Consequences for Employees who are Tax Residents in Norway .....	30
33. Material Tax Consequences for Employees who are Tax Residents in Singapore .....	30
34. Material Tax Consequences for Employees who are Tax Residents in Spain .....	31
35. Material Tax Consequences for Employees who are Tax Residents in Sweden .....	31
36. Material Tax Consequences for Employees who are Tax Residents in Taiwan .....	32
37. Material Tax Consequences for Employees who are Tax Residents in the United Arab Emirates .....	32
38. Material Tax Consequences for Employees who are Tax Residents in the United Kingdom .....	32
39. Extension of the Offer; Termination; Amendment .....	33
40. Fees and Expenses .....	34
41. Information Concerning Extreme Networks .....	34
42. Forward Looking Statements; Miscellaneous .....	36
SCHEDULE A Information about our Directors and Executive Officers .....	37

## SUMMARY OF TERMS

The following are answers to some of the questions that you may have about the Offer. We urge you to read carefully the remainder of this Offer because it contains additional important information. In addition, we urge you to review the information in our annual report on Form 10-K for the year ended July 1, 2001, and the proxy statement distributed in connection with our 2001 annual meeting, as those documents contain important financial and other information about us. We have included references to the relevant sections of the Offer where you can find a more complete description of the topics in this summary.

### 1. What is the Stock Option Exchange Program?

Our Stock Option Exchange Program is a voluntary program that offers (the "Offer") eligible employees the opportunity to cancel certain underwater stock options (the "Eligible Options") and exchange these options for new options covering the same number of shares (the "New Options"). The Offer will remain open until December 3, 2001 (the "Expiration Date"). If you accept this Offer, your Eligible Options tendered for exchange will be cancelled on the first business day following the Expiration Date (the "Cancellation Date"), which is currently scheduled to be December 4, 2001. For accounting reasons we cannot grant New Options for at least six months and one day after we cancel the Eligible Options, so the New Options will be granted no earlier than June 5, 2002 or a later date if we extend the Offer (the "New Option Grant Date"). The New Options will have an exercise price that will be determined on the New Option Grant Date.

### 2. Why are we offering the Stock Option Exchange Program?

We are making this Offer because of the decline in the price of our common stock over the past year. We recognize that the exercise prices of the majority of outstanding options to purchase our common stock are higher than the recent price of our common stock as reported on Nasdaq, which has reduced the potential value of these outstanding options. (See Section 2.)

Many outstanding options, whether or not currently exercisable, have exercise prices that are significantly higher than the current market price of our common stock. For this reason, we believe these options currently have little or no value as an incentive to retain and motivate employees, and are unlikely to be exercised in the foreseeable future. By making this Offer, we intend to provide our employees with the benefit of holding options that over time may have a greater potential to increase in value, and thereby create an incentive for our employees to remain with us and contribute to the attainment of our business and financial objectives and the creation of value for our stockholders. (See Section 2.)

Your participation in this Offer is voluntary, and so you may either keep your current Eligible Options at their current exercise price with their existing vesting schedules or cancel those Eligible Options in exchange for New Options for the same number of shares as your Eligible Options that you exchanged with an adjusted vesting schedule, which will be granted on the New Option Grant Date. (See Section 5.)

### 3. What is an underwater stock option?

An "underwater" stock option is an option with an exercise price that is higher than the current common stock price as reported, in the case of our common stock, on Nasdaq.

### 4. What options may I exchange as part of this program?

We are offering to exchange all stock options with an exercise price of \$10.00 or more that are currently outstanding under our 1996 Amended Stock Option Plan ("1996 Plan"), the 2000 Nonstatutory Stock Option Plan ("2000 Plan"), or the 2001 Nonstatutory Stock Option Plan ("2001 Plan").

5. Are there conditions to the Offer?

The Offer is subject to the conditions described in Section 6 ("Conditions to the Offer"). The Offer is not conditioned on a minimum number of options being tendered. Participation is completely voluntary.

6. Are there any eligibility requirements I must satisfy in order to receive the New Options?

You must be one of our employees or an employee of one of our subsidiaries on the Expiration Date, and you must remain continuously employed at Extreme or one of our subsidiaries through the New Option Grant Date.

If you are not an employee of Extreme or one of our subsidiaries on the Expiration Date, you will not be eligible to exchange any Eligible Options and any election you may have made will not be accepted. In addition, if your employment with us is terminated for any reason, including as part of any announced reduction in force, you will fall in this category.

If you do not remain an employee through the New Option Grant Date and your Eligible Options were cancelled under this Offer, you will not be granted New Options and your cancelled options will not be reinstated. (See Section 5.)

7. How does the Offer work?

On or before the Expiration Date, you may decide to exchange any one or all of your Eligible Options for New Options, which will be granted on the New Option Grant Date. If you accept this Offer and tender Eligible Options for exchange, then you must exchange all of those options that were granted since June 4, 2001. The New Options will be granted on a date that is at least six months and one day after the Cancellation Date, on or after June 5, 2002.

Your New Options will represent the same number of shares as the total of each Eligible Option that you exchanged. The number of shares to be granted under your New Options will be adjusted for any stock split, stock dividend, recapitalization or similar transaction that may occur between the Expiration Date and the New Option Grant Date. (See Section 5.)

8. What if my Eligible Options are not currently vested? Can I exchange them?

Yes. Your Eligible Options do not need to be vested in order for you to participate in the Offer.

9. If I elect to exchange my Eligible Options, do I have to exchange all of my Eligible Options or can I just exchange some of them?

If you have more than one Eligible Option, then you may exchange any or all such Eligible Options, however, in all cases you must exchange all unexercised shares that are under a particular Eligible Option. In addition, if you exchange any of your Eligible Options, you must exchange all of your options granted since June 4, 2001. (See Section 1.)

10. When will I receive my New Options?

You will receive your New Options on the New Option Grant Date, which is expected to be no earlier than June 5, 2002, or a later date if we extend the Offer. (See Section 5.)

11. Why won't I receive my New Options immediately after the Expiration Date of the Offer?

In order to avoid negative accounting consequences that can result from stock option exchanges, we cannot grant New Options for at least six months and one day after the Cancellation Date. Therefore, the New Option Grant Date is expected to be June 5, 2002, or a later date if we extend the Offer. Therefore, you will not receive your New Options until the New Option Grant Date, which is expected to be no earlier than June 5, 2002 or a later

date if we extend the Offer. Any other options to be granted to you by us prior to the New Option Grant Date will also be deferred until the New Option Grant Date. (See Section 10.)

12. How will my New Options vest?

The New Options for all Eligible Options exchanged will have a vesting schedule that is based on the grant date of the Eligible Option exchanged, as follows:

- If the Eligible Option exchanged for the New Option has a grant date in 1999, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 24 months.
- If the Eligible Option exchanged for the New Option has a grant date between January 1, 2000 and June 30, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 28 months.
- If the Eligible Option exchanged for the New Option has a grant date between July 1, 2000 and December 31, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 32 months.
- If the Eligible Option exchanged for the New Option has a grant date in 2001, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 36 months.

13. What is the exercise price for the New Options?

The exercise price of your New Options will be the fair market value of our common stock on the New Option Grant Date, which is expected to be no earlier than June 5, 2002 or a later date if we extend the Offer, which will be the closing price of our common stock as reported on Nasdaq on that date. WE CANNOT GUARANTEE THAT THE NEW OPTIONS WILL HAVE A LOWER EXERCISE PRICE THAN THE ELIGIBLE OPTIONS YOU EXCHANGED. Therefore, we recommend that you obtain current market quotations for our common stock before deciding whether to participate in the Offer and exchange your Eligible Options. (See Section 8.)

14. How long is the option term of the New Options?

All New Options will have our standard option term of ten years from the date of grant. (See Section 8.)

15. What if my employment is terminated after the date that my Eligible Options are cancelled and prior to the New Option Grant Date?

If your employment with us is terminated after your Eligible Options are cancelled and before the New Option Grant Date, you will forfeit the Eligible Options you cancelled, and you will not receive any New Options. (See Section 1.)

THIS OFFER DOES NOT CHANGE THE "AT-WILL" NATURE OF YOUR EMPLOYMENT WITH US OR THE NOTICE AGREEMENT REGARDING YOUR EMPLOYMENT WITH US, AND YOUR EMPLOYMENT MAY BE TERMINATED BY US OR ONE OF OUR SUBSIDIARIES OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE NEW OPTION GRANT DATE, FOR ANY REASON, WITH OR WITHOUT CAUSE. ACCORDINGLY, YOU SHOULD CAREFULLY CONSIDER THIS BEFORE TENDERING YOUR OPTIONS.

16. If I exchange my Eligible Options, how many shares will I receive under my New Options?

This is a share-for-share Offer, so for each share covered by the Eligible Options you exchange, you will receive one share under the New Options. However, the number of shares covered by your New Options will be adjusted for any stock split, stock dividend, recapitalization or similar transaction that may occur between the Expiration Date and the New Option Grant Date. (See Section 1.)

17. I have more than one Eligible Option. Do I have to exchange all of them in order to participate?

No. You may exchange one or more of your Eligible Options or none at all. However, if you tender any Eligible Options, any options granted during the six months prior to the date your Eligible Options are cancelled will automatically be exchanged, and New Options will be granted for them if you elect to exchange any other Eligible Option. If you choose not to exchange any of your Eligible Options, then no options will be exchanged. (See Section 2.)

18. Can I exchange a portion of an unexercised Eligible Option?

No. If you elect to exchange an Eligible Option, you must exchange all unexercised shares covered by that Eligible Option.

19. Can I exchange the remaining portion of an Eligible Option that I have partially exercised?

Yes. However, only unexercised shares covered by an Eligible Option may be exchanged if you elect to exchange a partially exercised Eligible Option. (See Section 1.)

20. If I elect to exchange one or more of my Eligible Options as part of the Offer, are any other options affected?

Yes. If you participate in the Offer, any options granted during the six months prior to the date your Eligible Options are cancelled will automatically be exchanged and New Options will be granted for them. (See Section 1.)

21. Will my participation affect my receipt of any other option?

Yes. If you participate in the Offer then you will not be able to receive any option grants during the period prior to the New Option Grant Date. (See Section 10.)

22. What if I'm to be given an option in connection with a future promotion?

If your promotion occurs prior to the New Option Grant Date and you elected to exchange any Eligible Options under this Offer, the promotional option will be deferred until the New Option Grant Date. (See Section 10.)

23. How long will this Offer remain open?

Presently, the Offer is scheduled to remain open until 12:00 midnight, Pacific Time, on the Expiration Date, which is expected to be December 3, 2001, or a later date if we extend the Offer. We have no plans to extend the Offer beyond December 3, 2001. However, if we do extend the Offer, you will be notified of the extension. If we extend the Offer, we will announce the extension no later than 12:00 midnight, Pacific Time, on the next business day after the last previously schedule or announced expiration. (See Sections 1 and 39.)

24. If the Offer is extended, how does the extension change the date on which my New Options will be granted?

If we extend the Offer, the New Option Grant Date will be extended to a day that is at least six months and one day after the first business day following the extended Expiration Date.

25. Will my New Options be incentive stock options or nonstatutory stock options?

All New Options will be nonstatutory stock options. (See Section 8.)

26. Will I have to pay taxes if I tender my options in the Offer?

If you exchange any Eligible Options in the Offer, you will not be required under current U.S. law to recognize income for U.S. federal income tax purposes at the time of the tender or upon our acceptance and cancellation of the options. In addition, the grant of the New Options is not a taxable event under current U.S. law, and you will not be required under current U.S. law to recognize income for U.S. federal income tax purposes at the time of grant. (See Section 12.)

ALL OPTION HOLDERS, INCLUDING THOSE SUBJECT TO TAXATION IN A FOREIGN JURISDICTION, WHETHER BY REASON OF NATIONALITY, RESIDENCE OR OTHERWISE, SHOULD CONSULT WITH THEIR OWN PERSONAL TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR PARTICIPATION IN THE OFFER. TAX CONSEQUENCES MAY VARY DEPENDING ON EACH INDIVIDUAL PARTICIPANT'S CIRCUMSTANCES. WE HAVE DISTRIBUTED WITH THIS OFFER SHORT SUMMARIES OF SOME OF THOSE CONSEQUENCES WITH RESPECT TO THOSE COUNTRIES WHERE OUR NON-U.S. EMPLOYEES ARE LOCATED. IF YOU ARE AN EMPLOYEE LOCATED OUTSIDE THE UNITED STATES, YOU SHOULD REVIEW THE RELEVANT SUMMARY, AND YOU SHOULD CONSULT YOUR INDIVIDUAL TAX ADVISOR BEFORE DECIDING WHETHER OR NOT TO PARTICIPATE IN THE OFFER. (SEE SECTIONS 13 THROUGH 38.)

27. What happens if Extreme merges into or is acquired by another company?

If we merge into or are acquired by another company prior to the expiration of the Offer, you may withdraw your tendered options and have all the rights afforded you to acquire our common stock under the terms of those options.

If we are merged into another entity after your tendered options are accepted for exchange and cancelled but before the New Options are granted, the obligations of Extreme in connection with the Offer would not be automatically assumed by the acquiring corporation. Whether or not the obligation to grant the New Options is assumed would depend on the terms of the acquisition agreement. While we would seek to make provision for tendering option holders in the acquisition agreement, we cannot guarantee what, if any, provision would be made. As a result, we cannot guarantee that any New Options would be granted in the event of such an acquisition. Therefore, it is possible that you could give up your Eligible Options and not receive any New Options from the acquiring corporation.

If we merge into or are acquired by another company after the grant of the New Options, those options may be assumed by the merged company or the acquiring company, in which event they would continue to vest in accordance with the vesting schedule in effect for them prior to the acquisition. If the New Options are not assumed, the Board of Directors, in its sole discretion, may provide that any unexercisable or unvested portion of the outstanding New Options will be immediately exercisable and vested in full as of the date ten days prior to the effective time of the acquisition. Any New Option which is neither assumed by the acquiring corporation nor exercised as of the date of the acquisition, would terminate at the effective time of the acquisition. (See Section 8.)

28. What do I need to do to exchange my Eligible Options?

If you wish to tender your options for exchange, you must complete the Online Election Form found on Extreme Networks' internal website created for this offer (<https://exchange.extremenetworks.com>) before 12:00 midnight on  
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December 3, 2001, Pacific Time unless the Offer is extended.

29. What is the deadline to elect to participate in the Offer?

You must submit your Online Election Form by 12:00 midnight, Pacific Time, on the Expiration Date, which is expected to be December 3, 2001, or a later date if we extend the Offer. Although we do not currently intend to do so, we may, in our discretion, extend the Offer at any time. If we extend the Offer, we will announce the extension no later than 12:00 midnight, the next business day after the last previously scheduled or announced expiration date. (See Sections 3 and 39.)

30. Can I change my election? How often?

Yes. You can change your election as many times as you like by revising and resubmitting your Online Election Form prior to the deadline. However, the last Online Election Form you submit prior to the deadline will be the Online Election Form that governs your election. (See Section 4.)

31. What will happen if I don't turn in my form by the deadline?

If you miss this deadline, you cannot participate in the Offer. THERE CAN BE NO EXCEPTIONS TO THIS DEADLINE.

32. What if I don't accept this Offer?

This Offer is completely voluntary. You do not have to participate, and there are no penalties for electing not to participate in this Offer. If you elect not to participate in the Offer, none of your options will be exchanged or cancelled as a result of not participating in the Offer.

33. What do I do if I have additional questions about this Offer?

If you have questions about the Offer, you should contact Bill Barthell in the Legal Department by email ([bbarthell@extremenetworks.com](mailto:bbarthell@extremenetworks.com)) or by telephone  
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((408) 579-2613).

34. What do I do if I have questions about my options?

If you have questions about your options, you should contact Anna Baca ([abaca@extremenetworks.com](mailto:abaca@extremenetworks.com)) in Stock Administration by email or by telephone  
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((408) 579-2617).

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE OFFER. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT, THE ATTACHED SUMMARY OF TERMS AND THE TENDER OFFER STATEMENT ON SCHEDULE TO. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

## CERTAIN RISKS OF PARTICIPATING IN THE OFFER

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Participation in the Offer involves a number of potential risks, including those described below. This section briefly highlights some of the risks and is necessarily incomplete, and should be read together with the "Risk Factors" in Extreme's annual report on Form 10-K for the fiscal year ended July 1, 2001 filed with the Securities and Exchange Commission (the "SEC") on September 26, 2001. Eligible participants should carefully consider these and other risks and are encouraged to speak with an investment and tax advisor as necessary before deciding to participate in the Offer. In addition, we strongly urge you to read the remainder of this Offer to Exchange before deciding to participate in the Exchange Offer. The list of risks does not include certain risks that may apply to employees who live and work outside of the United States. We urge those employees to read the sections in this Offer to Exchange discussing tax consequences in various countries, as well as the other documents listed above, and to consult with an investment and tax advisor as necessary before deciding to participate in this Exchange Offer.

### Economic Risks

If your employment terminates prior to the grant of the New Options, you will receive neither a New Option nor the return of your cancelled option.

Once your option is cancelled, it cannot be restored, and you will not be granted a New Option if you are not an employee of Extreme or one of its subsidiaries on the date the New Options are granted. Accordingly, if your employment terminates for any reason prior to the grant of the New Options, you will have the benefit of neither the cancelled option nor the New Option.

If our stock price increases after the date your tendered options are cancelled, your cancelled options might have been worth more than the New Options that you have received in exchange for them.

For example, if you tender for cancellation options with a \$25.00 exercise price, and Extreme's stock appreciates to \$50.00 when the New Options are granted, your New Option will have a higher exercise price than the cancelled option.

Participation in the Offer will make you ineligible to receive any option grants until June 5, 2002, at the earliest.

Employees are generally eligible to receive option grants at any time that the Board of chooses to make them. However, if you participate in the Offer, you will not be eligible to receive any option grants until June 5, 2002, at the earliest.

If we enter into a merger or other similar transaction, either before or after the expected date of grant of the New Options, you might receive New Options with limited potential for future value or no New Options at all.

If our shares are acquired in a cash merger, your New Option exercise price may be close to the cash price being paid for our shares, resulting in very limited future price appreciation potential. Furthermore, the Board of Directors has reserved the right not to grant the New Options if that were to become necessary or appropriate to complete a transaction that Extreme believes to be in the best interests of the Company and our stockholders.

### Tax-Related Risks for U.S. Residents

Your New Option will be a nonstatutory stock option, whereas your cancelled option may have been an incentive stock option.

Even if your cancelled option was an incentive stock option, your New Option will be a nonstatutory stock option. In general, nonstatutory stock options are less favorable to you from a tax perspective. For more detailed information, please read the rest of the Offer to Exchange, and see the tax disclosures set forth in the prospectuses

for the Extreme Networks, Inc. Amended 1996 Stock Option Plan, the Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan and the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan.

Even if you elect not to participate in the option exchange program, your incentive stock options may be affected.

We believe that you will not be subject to current U.S. federal income tax as a result of not electing to participate in the option exchange program. We also believe that the option exchange program will not change the U.S. federal income tax treatment of subsequent exercises of your outstanding incentive stock options (and sales of shares acquired upon exercise of such options) if you do not participate in the option exchange program. However, the IRS may characterize the option exchange program as a "modification" of those incentive stock options, even if you decline to participate. A successful assertion by the IRS of this position could extend the options' holding period to qualify for favorable tax treatment and cause a portion of your incentive stock options to be treated as nonstatutory stock options.

#### Tax-Related Risks for Non-U.S. Residents

If you are an employee residing outside of the U.S. and you take advantage of this Offer, you may be liable for tax and social insurance contributions on the fair market value of the New Options at the time of the exchange. Additionally, you may lose the ability to claim preferential tax treatment in connection with your New Options. In addition, you may have exchange control reporting obligations associated with the transfer of funds in connection with the New Options or the ownership of foreign shares of stock. A general summary of the tax implications of the option exchange in your country can be found in Sections 13 through 38 of this Offer. However, these summaries are general in nature and necessarily incomplete and may not apply to your specific circumstances. We therefore strongly recommend you consult with a tax advisor in your own country as to the tax consequences of participating in the Offer.

If you are eligible for the Offer because you live or work in one country but are also subject to the tax laws in another country, you should be aware that there may be other tax and social insurance consequences which may apply to you. You should be certain to consult your own tax advisors to discuss these consequences.

THE OFFER TO EXCHANGE  
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1. Number of Options; Expiration Date.  
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We are offering our employees, excluding our executive officers directors and vice presidents (see Schedule A to this Offer for more information about our executive officers and directors), the opportunity to exchange certain outstanding options that have an exercise price greater than or equal to \$10.00 and are not specifically excluded (the "Eligible Options") for a new option to purchase shares of our common stock (the "New Options"). This Offer is currently scheduled to expire on December 3, 2001 (the "Expiration Date"). If you accept this Offer, your Eligible Options tendered for exchange will be cancelled on the first business date following the Expiration Date (the "Cancellation Date"), which is currently scheduled to be December 4, 2001. If you accept this Offer and tender Eligible Options for exchange, you MUST exchange all of those options (the "Required Options") that were granted within the period that is six months prior to the Cancellation Date. The New Options will be granted on a date which is at least six months and one day after the Cancellation Date (the "New Option Grant Date"). The total number of shares of our common stock subject to Eligible Options is 15,436,910.

Our Offer is subject to the terms and conditions described in this Offer to Exchange and the attached Summary of Terms. We will only accept Eligible Options that are properly exchanged and not validly withdrawn in accordance with Section 4 of this Offer before the Offer expires on the Expiration Date.

Your New Options will represent the same number of shares as the aggregate number of shares represented by each Eligible Option that you exchange. The number of shares to be represented by the New Options will be adjusted for any stock split, stock dividend, recapitalization or similar transaction that may occur between the Expiration Date and the New Option Grant Date, which will be at least six months and one day from the Cancellation Date. IF, FOR ANY REASON, YOU ARE NOT EMPLOYED BY US OR ONE OF OUR SUBSIDIARIES ON THE NEW OPTION GRANT DATE, YOU WILL NOT RECEIVE ANY NEW OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR ELIGIBLE OPTIONS THAT HAVE BEEN EXCHANGED AND CANCELLED. THUS, YOU WILL FORFEIT THE ELIGIBLE OPTIONS TENDERED IF YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES AFTER YOU TENDERED YOUR OPTIONS BUT PRIOR TO THE EXPIRATION DATE, YOU ARE NOT ELIGIBLE TO PARTICIPATE IN THE OFFER. PARTICIPATION IN THIS OFFER DOES NOT CONFER UPON YOU THE RIGHT TO REMAIN EMPLOYED BY US OR ANY OF OUR SUBSIDIARIES. All New Options will be issued under either our 1996 Amended Stock Option Plan (the "1996 Plan"), our 2000 Nonstatutory Stock Option Plan (the "2000 Plan") or our 2001 Nonstatutory Stock Option Plan (the "2001 Plan").

The Expiration Date of this Offer is 12:00 midnight, Pacific Time, on December 3, 2001, unless we, in our sole discretion, extend the Offer. If we extend the Offer, the term Expiration Date will refer to the latest time and date at which the Offer expires. See Section 39 for a description of our rights to extend, delay, terminate and amend the Offer.

We will publish a notice if we decide to take any of the following actions:

- increase or decrease what we will give you in exchange for your Eligible Options;
- increase or decrease the number of Eligible Options to be exchanged in the Offer; or
- extend or terminate the Offer.

If the Offer is scheduled to expire within ten business days from the date we notify you of an increase or decrease as described above, we also intend to extend the Offer for a period of ten business days after the date the notice is published. A business day means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight.

2. Purpose of the Offer.

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We are making this Offer because of the decline in the price of our common stock over the past year. We recognize that the exercise price of the majority of outstanding options to purchase our common stock are currently higher than the price of our common stock as reported on Nasdaq, which has reduced the potential value of your options and our stock option program to you.

Many of our outstanding options, whether or not they are currently exercisable, have exercise prices that are significantly higher than the current market price of our common stock. For this reason, we believe these options have little or no current value as an incentive to retain and motivate employees, and are unlikely to be exercised in the foreseeable future. By making this Offer we intend to provide our employees with the benefit of holding options that over time may have a greater potential to increase in value, and thereby create better incentives for our employees to remain with us and contribute to the attainment of our business and financial objectives and the creation of value for all of our stockholders. The Eligible Options that are cancelled as part of this Offer will go back into the pool of options available for grant under either the 1996 Plan, the 2000 Plan, or the 2001 Plan, depending on which plan they were originally granted from.

Your participation in this Offer is voluntary, and we will allow you to either keep your current Eligible Options at their current exercise price with their existing vesting schedules or cancel those Eligible Options in exchange for a New Option for the same number of shares as your Eligible Options that you exchanged with an adjusted vesting schedule, which will be granted on the New Option Grant Date.

We continually evaluate and explore strategic opportunities as they arise, including business combination transactions, strategic partnerships, capital infusions, and the purchase or sale of assets. At any given time we may be engaged in discussions or negotiations with respect to various corporate transactions. We also grant options in the ordinary course of business to our current and new employees, including our executive officers and our non-employee directors, as well as provide them with the opportunity to make periodic purchases of our common stock pursuant to the formula provisions of our Employee Stock Purchase Plan. Our employees, including our executive officers, from time-to-time acquire or dispose of our securities. Subject to the foregoing, and except as otherwise disclosed in this Offer or in our filings with the SEC, we presently have no plans or proposals that relate to or would result in:

- (a) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- (b) any purchase, sale or transfer of a material amount of our assets or the assets of any of our subsidiaries;
- (c) any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- (d) any change in our present board of directors or management, including a change in the number or term of directors or to fill any existing board vacancies or to change any executive officer's material terms of employment;
- (e) any other material change in our corporate structure or business;
- (f) our common stock not being authorized for quotation in an automated quotation system operated by a national securities association;
- (g) our common stock becoming eligible for termination of registration pursuant to the Section 12(g)(4) of the Securities Exchange Act;
- (h) the suspension of our obligation to file reports pursuant to Section 15(d) of the Securities Exchange Act;

- (i) the acquisition by any person of any of our securities or the disposition of any of our securities; or
- (j) any change in our articles of incorporation or bylaws, or any actions which may impede the acquisition of control of us by any person.

THE EXERCISE PRICE OF THE NEW OPTIONS WILL BE THE FAIR MARKET VALUE OF OUR COMMON STOCK ON THE NEW OPTION GRANT DATE. THUS, WE CANNOT GUARANTEE THAT THE NEW OPTIONS WILL HAVE A LOWER EXERCISE PRICE THAN THE ELIGIBLE OPTIONS. NEITHER WE NOR OUR BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR OPTIONS, NOR HAVE WE AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU ARE URGED TO EVALUATE CAREFULLY ALL OF THE INFORMATION IN THE OFFER TO EXCHANGE AND TO CONSULT YOUR OWN INVESTMENT, LEGAL AND TAX ADVISORS. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR OPTIONS FOR EXCHANGE TAKING INTO ACCOUNT YOUR OWN PERSONAL CIRCUMSTANCES AND PREFERENCES.

3. Procedures for Tendering Options.  
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Making Your Election. To make your election to accept or reject this Offer, you must complete the Online Election Form found on Extreme Networks' internal website created for this Offer, (<https://exchange.extremenetworks.com>) before the Expiration Date. The Expiration Date is 12:00 midnight, Pacific Time on December 3, 2001, unless we extend the Offer.

If you do not complete the Online Election Form by the deadline, then you will not be able to participate in the Offer, and all stock options currently held by you will remain unchanged at their original price and terms.

Determination of Validity; Rejection of Eligible Options. We will resolve, in our discretion, all questions as to the number of shares subject to Eligible Options and the validity, form, eligibility (including time of receipt) and acceptance of election forms. Our determination of these matters will be final and binding on all parties. We may reject any or all Eligible Options that are exchanged to the extent that we determine they were incomplete, or not properly executed or delivered or to the extent that we determine it is unlawful to accept the Eligible Options that are exchanged. Otherwise, we will accept Eligible Options that are properly exchanged and are not validly withdrawn.

Our Acceptance Constitutes An Agreement. If you elect to exchange your Eligible Options and you exchange your Eligible Options according to the procedures described above, you will have accepted the Offer. Our acceptance of Eligible Options that are properly exchanged will form a binding agreement between us and you on the terms and subject to the conditions of this Offer.

Subject to our rights to extend, terminate and amend the Offer, we currently expect that we will accept promptly after the Expiration Date all Eligible Options that are properly exchanged and have not been validly withdrawn. See Sections 6 and 39 for information concerning our rights to extend, terminate and amend the Offer.

4. Change in Election; Withdrawal Rights.  
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You may only change your election by following the procedures described in this Section 4. If your employment with us terminates prior to the Expiration Date, the options you wanted to exchange will automatically be withdrawn and returned to you. If automatically withdrawn, you may exercise those options to the extent they are vested at the time of your termination, but only during the limited period for which those options remain exercisable following your termination.

You may withdraw your tendered options at any time before 12:00 midnight, Pacific Time, on December 3, 2001. If we extend the Offer beyond that time, you may withdraw your tendered options at any time

until the extended Expiration Date. In addition, if we have not accepted your tendered options for exchange by 12:00 midnight, Pacific Time, on December 3, 2001, you may withdraw your tendered options at any time after December 3, 2001.

To validly withdraw tendered options, you must re-submit the Online Election Form found on Extreme Networks' internal website (<https://exchange.extremenetworks.com>) before the Expiration Date. We will treat

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the last Online Election Form submitted by you prior to the Expiration Date as your final election with respect to the Offer.

Although you may withdraw some, but not all, of your Eligible Options, you may not withdraw only a portion of a particular Eligible Option. In addition, you may not withdraw any Required Options unless you withdraw all of your Eligible Options.

You may not rescind any withdrawal, and any options you withdraw will thereafter be deemed not properly tendered for purposes of the Offer, unless you resubmit the Online Election Form before the Expiration Date by following the procedures described in Section 4.

5. Acceptance of Eligible Options for Exchange and Cancellation and  
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Issuance of New Options.  
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On the terms and subject to the conditions of this Offer and as promptly as practicable following the Expiration Date, we will timely accept the Eligible Options for exchange and cancel all Eligible Options properly exchanged and not validly withdrawn before the Expiration Date. The New Options will be granted no earlier than June 5, 2002, or at a later date if the Offer is extended, with vesting of the New Options beginning effective on the date of grant.

Your New Options will represent the same number of shares as the aggregate number of shares represented by each Eligible Option that you exchange. The number of shares to be represented by the New Options will be adjusted for any stock split, stock dividend, recapitalization or similar transaction that may occur between the Expiration Date and the New Option Grant Date. If you are not employed by us or one of our subsidiaries on the Expiration Date, then you are not eligible to participate in this Offer. If you are an employee of ours or one of our subsidiaries as of the Expiration Date but are not employed continuously by us or one of our subsidiaries through the New Option Grant Date, you will not be eligible to receive New Options and you will not get Eligible Options back.

We will notify you on or prior to the Cancellation Date if we reject your election to exchange your Eligible Options. Unless you are notified of a rejection, you may assume that, immediately following the Cancellation Date, your properly completed and submitted Online Election Form and your tendered Eligible Options have been accepted.

6. Conditions to the Offer.  
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At any time on or before the Expiration Date, we may terminate or amend the Offer, or postpone our acceptance and cancellation of any Eligible Options that you elect to exchange, if we determine that any event has occurred that, in our reasonable judgment, makes it inadvisable for us to proceed with the Offer or to accept and cancel Eligible Options that you elect to exchange. Such events might include, but are not limited to, the following:

(a) any action or proceeding by any government agency, authority or tribunal or any other person, domestic or foreign, is threatened or pending before any court, authority, agency or tribunal that directly or indirectly challenges the making of the Offer, the acquisition of some or all of the Eligible Options, the issuance of New Options, or otherwise relates to the Offer or that, in our reasonable judgment, could materially and adversely affect our business, condition (financial or otherwise), income, operations or prospects or materially impair the benefits we believe we will receive from the Offer;

(b) any action is threatened, pending or taken, or any approval is withheld, by any court or any authority, agency, tribunal or any person that, in our reasonable judgment, would or might directly or indirectly:

- (i) make it illegal for us to accept some or all of the Eligible Options or to issue some or all of the New Options or otherwise restrict or prohibit consummation of the Offer or otherwise relates to the Offer;
- (ii) delay or restrict our ability, or render us unable, to accept the Eligible Options for exchange and cancellation or to issue New Options for some or all of the exchanged Eligible Options;
- (iii) materially impair the benefits we believe we will receive from the Offer, including the retention and incentivizing of our employees; or
- (iv) materially and adversely affect our business, condition (financial or other), income, operations or prospects;

(c) there is:

- (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market; or
- (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;

(d) another person publicly makes or proposes a tender or exchange offer for some or all of our common stock, or an offer to merge with or acquire us, or we learn that:

- (i) any person, entity or "group," within the meaning of Section 13(d)(3) of the Securities Exchange Act, has acquired or proposed to acquire beneficial ownership of more than five percent of the outstanding shares of our common stock, or any new group shall have been formed that beneficially owns more than five percent of the outstanding shares of our common stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before the Expiration Date;
- (ii) any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before the Expiration Date has acquired or proposed to acquire beneficial ownership of an additional two percent or more of the outstanding shares of our common stock; or
- (iii) any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or made a public announcement that it intends to acquire us or any of our assets or securities; or

(e) any change or changes occur in our business, condition (financial or other), assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to us.

The conditions to the Offer are for our benefit. We may assert them in our discretion before the Expiration Date and we may waive them at any time and from time-to-time, whether or not we waive any other condition to the Offer.

Our failure to exercise any of these rights is not a waiver of any of these rights. The waiver of any of these rights with respect to particular facts and circumstances is not a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described in this Section 6 will be final and binding upon everyone.

7. Price Range of Common Stock Underlying Options.

The Eligible Options to be exchanged pursuant to this Offer are not publicly traded. However, upon exercise of an option that we granted, the option holder becomes an owner of our common stock. Our common stock is quoted on Nasdaq under the symbol "EXTR." The following table shows, for the periods indicated, the high and low sales prices per share of our common stock as reported on Nasdaq, as adjusted to reflect the two for one stock dividend issued on August 25, 2000.

	High	Low
Fiscal 1999		
Fourth Quarter (beginning April 9, 1999).....	\$ 14.52	\$ 9.78
Fiscal 2000		
First Quarter.....	\$ 42.25	\$ 22.81
Second Quarter.....	49.03	30.66
Third Quarter.....	59.50	38.00
Fourth Quarter.....	52.75	21.44
Fiscal 2001		
First Quarter.....	\$ 120.69	\$ 46.25
Second Quarter.....	123.56	31.13
Third Quarter.....	50.38	14.96
Fourth Quarter.....	39.50	12.27
Fiscal 2002		
First Quarter.....	\$ 32.07	\$ 5.85
Second Quarter (through October 29, 2001).....	15.19	6.01

As of October 29, 2001, the last reported sale price of our common stock, as reported by Nasdaq, was \$11.64 per share.

THE EXERCISE PRICE OF THE NEW OPTIONS WILL BE THE FAIR MARKET VALUE ON THE NEW OPTION GRANT DATE, WHICH WILL BE NO EARLIER THAN JUNE 5, 2002. WE CANNOT GUARANTEE THAT THE NEW OPTIONS WILL HAVE A LOWER EXERCISE PRICE THAN THE ELIGIBLE OPTIONS. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to exchange your Eligible Options.

8. Source and Amount of Consideration; Terms of New Options.

Consideration. Your New Options will represent the same number of shares as the aggregate number of shares represented by each Eligible Option that you exchange. The number of shares to be represented by the New Options will be adjusted for any stock split, stock dividend, recapitalization or similar transaction that may occur between the Expiration Date and the New Option Grant Date.

If we receive and accept the exchange of all outstanding options, we will grant New Options to purchase a total of approximately 15,436,910 shares of our common stock. The common stock issuable upon exercise of the New Options would equal approximately 13.5% of the total shares of our common stock outstanding as of October 24, 2001.

Merger or Acquisition. If we merge into or are acquired by another company prior to the Expiration Date, you may withdraw your tendered options and have all the rights afforded you to acquire our common stock under the terms of those existing options.

If we are acquired and become a subsidiary of the acquiring corporation after your tendered options are accepted for exchange and cancelled but before the New Option Grant Date, the obligations of Extreme in connection with the Offer would not be automatically assumed by the acquiring corporation. Whether or not the obligation to grant the New Options is assumed would depend on the terms of the acquisition agreement. While we would seek to make provision for tendering option holders in the acquisition agreement, we cannot

guarantee what, if any, provision would be made. As a result, we cannot guarantee that any New Options would be granted in the event of such an acquisition. Therefore, it is possible that you could give up your Eligible Options and not receive any New Options from the acquiring corporation.

If we merge into or are acquired by another company after the grant of the New Options, those options may be assumed by the merged company or the acquiring company, in which event they would continue to vest in accordance with the vesting schedule in effect for them prior to the acquisition. If the New Options are not assumed, the Board of Directors, in its sole discretion, may provide that any unexercisable or unvested portion of the outstanding New Options will be immediately exercisable and vested in full as of the date ten days prior to the effective time of the acquisition. Any New Option which is neither assumed by the acquiring corporation nor exercised as of the date of the acquisition, would terminate at the effective time of the acquisition. (See Section 8.)

**Terms of New Options.** All New Options will be nonstatutory stock options issued under either the 1996 Plan, the 2000 Plan, or the 2001 Plan. The issuance of New Options under this Offer will not create any contractual or other right of the recipients to receive any future grants of options or benefits in lieu of options.

Information regarding the Option Plans may be found in the S-8 Registration Statements and related Prospectuses prepared in connection with each of the Option Plans. Please contact Stock Administration to request copies of the Option Plans and related prospectuses. Copies will be provided promptly and at our expense.

**General.** The 1996 Plan was originally adopted on September 3, 1996 and was amended and retitled on January 22, 1999. The 2000 Plan was adopted on March 18, 2000. The 2001 Plan was adopted on May 23, 2001. As of October 24, 2001, there were 1,401,947, 564,687, 1,732,150 shares of our common stock available for issuance under the 1996 Plan, 2000 Plan and 2001 Plan, respectively.

**Administration.** Our Board of Directors administers the Option Plans, unless it has delegated administration to a committee. Our Board of Directors has the authority to construe, interpret and amend the Option Plans.

**Term.** Each New Option will have a term that expires at 11:59 p.m., Pacific Time, on the day prior to the ten-year anniversary of the New Option Grant Date.

**Time of Exercise.** Generally, you may exercise the vested portion of a New Option at any time prior to the option expiration date. However, if your employment with us terminates, the time in which you may exercise the vested portion of your New Option will be shortened. If your employment with us terminates for any reason other than your death or permanent disability, you must exercise the vested portion of your New Option within 90 days following your termination date, but in any event no later than the option expiration date. If your employment with us or one of our subsidiaries terminates as a result of your permanent disability or death, you, or your estate, must exercise the vested portion of your New Option within 12 months following your termination date, but in any event no later than the option expiration date. However, under no circumstances may you exercise the New Options after the expiration of the term of such option.

**Exercise Price.** The New Options will have an exercise price equal to: (a) the closing price of our common stock as reported on Nasdaq on the New Option Grant Date, or (b) if required by applicable law in countries outside the United States, an average of the closing prices of our common stock as reported on Nasdaq for a number of days (generally not exceeding 20) prior to the New Option Grant Date. WE CANNOT GUARANTEE THAT THE NEW OPTIONS WILL HAVE A LOWER EXERCISE PRICE THAN THE ELIGIBLE OPTIONS. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to exchange your options.

**Payment of Exercise Price.** You may exercise your New Options, in whole or in part, by delivery of a written notice to us together with a share subscription or purchase form which is accompanied by payment in full of the eligible exercise price. The permissible methods of payment of the option exercise price are determined by the Board of Directors and generally include the following (the permissible methods may be limited in certain countries outside of the United States):

- . cash or check,
- . cashless exercise,
- . tender to us of shares of our common stock, which if acquired from us, have been owned by the option holder for no less than six months, having a fair market value on the date of exercise equal to the aggregate exercise price, or
- . a combination of the foregoing methods.

Vesting and Exercise. Our Board of Directors has the authority to determine the time or times at which options granted under the Option Plans may be exercised. The New Options will not have the same vesting schedule as the Eligible Options exchanged for the New Options. Under the vesting schedule for the New Options, you may not receive complete credit for the past vesting of Eligible Options. If you receive a New Option and are continuously employed by us or one of our subsidiaries, your New Option will vest as follows:

- If the Eligible Option exchanged for the New Option has a grant date in 1999, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 24 months.
- If the Eligible Option exchanged for the New Option has a grant date between January 1, 2000 and June 30, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 28 months.
- If the Eligible Option exchanged for the New Option has a grant date between July 1, 2000 and December 31, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 32 months.
- If the Eligible Option exchanged for the New Option has a grant date in 2001, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 36 months.

Tax Consequences. You should refer to Section 12 for a discussion of the material U.S. federal income tax consequences of the New Options and Sections 13 through 38 for a discussion of the material tax consequences associated with New Options in those countries outside the U.S. where you are employed. If you are an employee based outside of the United States, you may want to consult with your own tax advisor to determine the tax and social insurance contribution consequences of this transaction under the laws of the country in which you live and work.

Adjustments Upon Certain Events. If there is a change in our capitalization, such as a stock split, reverse stock split, stock dividend or other similar event, and the change results in an increase or decrease in the number of issued shares without receipt of consideration by us, an appropriate adjustment will be made to the price of each option and the number of shares subject to each option.

In the event there is a sale of all or substantially all of our assets or stock, or we merge with another corporation ("transfer of control") after the New Option Grant Date, your New Options will be assumed or replaced with new options of the successor corporation. If the successor corporation does not assume or substitute for your New Options, the Board of Directors may, in its sole discretion, provide that any unexercisable or unvested portion of the outstanding New Options will be immediately exercisable and vested in full as of the date ten days prior to the effective time of the transfer of control. Any New Option which is neither assumed by the successor corporation nor exercised as of the date of the transfer of control, would terminate at the effective time of the transfer of control.

Termination of Employment. IF, FOR ANY REASON, YOU ARE NOT EMPLOYED BY US OR ONE OF OUR SUBSIDIARIES FROM THE EXPIRATION DATE THROUGH THE NEW OPTION GRANT DATE, YOU WILL NOT RECEIVE ANY NEW OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR ELIGIBLE OPTIONS THAT HAVE BEEN EXCHANGED. IF YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATED AFTER YOU TENDERED

YOUR OPTIONS BUT PRIOR TO THE EXPIRATION DATE, YOU ARE NOT ELIGIBLE TO PARTICIPATE IN THE OFFER. PARTICIPATION IN THIS OFFER DOES NOT CONFER UPON YOU THE RIGHT TO REMAIN EMPLOYED BY US OR ANY OF OUR SUBSIDIARIES. THIS MEANS THAT IF YOU DIE OR QUIT, WITH OR WITHOUT GOOD REASON, OR WE TERMINATE YOUR EMPLOYMENT, WITH OR WITHOUT CAUSE, PRIOR TO THE NEW OPTION GRANT DATE AND AFTER THE EXPIRATION DATE, YOU WILL NOT RECEIVE ANYTHING FOR THE ELIGIBLE OPTIONS THAT YOU EXCHANGED AND WE CANCELLED. THE OFFER IS A ONE-TIME EVENT AND ANY BENEFIT FROM THIS OFFER IS NOT A PART OF YOUR REMUNERATION.

Registration of Option Shares. All shares of common stock issuable upon exercise of options under the Option Plans, including the shares that will be issuable upon exercise of all New Options, have been registered under the Securities Act of 1933 on a Registration Statement on Form S-8 filed with the SEC. Unless you are considered an "affiliate" of ours, you will be able to sell your New Option shares free of any transfer restrictions under applicable securities laws.

Our statements in this Offer concerning the Option Plans are merely summaries and do not purport to be complete. These statements are subject to, and are qualified in their entirety by reference to, all provisions of the 1996 Plan, the 2000 Plan, and the 2001 Plan, each of which is filed as an exhibit to the Tender Offer Statement on Schedule TO, of which this Offer to Exchange is a part. See Section 8 for a discussion on how to obtain copies of the Option Plans.

9. Interests of Directors and Officers.

A list of our directors and executive officers is attached to this Offer to Exchange as Schedule A. As of October 24, 2001, our executive officers and non-employee directors (eleven (11) persons) as a group beneficially owned options outstanding under our 1996 Plan to purchase a total of 3,320,000 of our shares of common stock, which represent approximately 17.09% of the shares subject to all options outstanding under the 1996 Plan as of that date. Directors and executive officers, as a group, beneficially own no options outstanding under our 2000 Plan. Directors and executive officers, as a group, beneficially owned options outstanding under our 2001 Plan to purchase 1,300,000 shares of our common stock, which represents approximately 57.3% of the shares subject to all options outstanding under the 2001 Plan as of that date. Directors and executive officers, as a group, beneficially owned options outstanding under the Option Plans to purchase a total of 4,620,000 of our shares, which represented approximately 18.4% of the shares subject to all options outstanding under the Option Plans as of that date. These options to purchase our shares owned by officers and directors are not eligible to be tendered in the Offer.

Name	Percentage of Total Options Owned	Options Outstanding
Charles Carinalli	1.39%	350,000
Harold (Hal) Covert	1.79%	450,000
Stephen Haddock	2.87%	720,000
Promod Haque	0.20%	50,000
Ken Levy	0.40%	100,000
Larry Orr	0.20%	50,000
Darrell Scherbarth	0.0%	---
Herb Schneider	2.87%	720,000
Gordon Stitt	5.10%	1,280,000

Chris Todd	3.39%	850,000
Peter Wolken	0.20%	50,000

Neither our executive officers nor our directors are eligible to participate in the Offer.

The following is a transactions list of the stock and stock option involving our executive officers and directors during the 60 days prior to and including October 24, 2001:

- . We made a new hire grant of stock options to Chris Todd on October 2, 2001 for a total of 850,000 shares.
- . We made a grant of stock options to Ken Levy on October 22, 2001 for a total of 100,000 shares.

Except as otherwise described above, there have been no transactions in options to purchase our shares or in our shares which were effected during the 60 days prior to October 24, 2001 by Extreme or, to our knowledge, by any executive officer, director or affiliate of Extreme.

10. Status of Eligible Options Acquired by Us in the Offer.  
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Many of our option holders hold options with exercise prices significantly higher than the current market price of our common stock. We believe it is in our best interest to offer these option holders an opportunity to more effectively participate in the potential growth in our stock price. We could accomplish this goal by repricing existing options, which would enable option holders to immediately receive New Options with a lower exercise price. However, the repriced options would be subject to variable accounting, which would require us to record additional compensation expense each quarter to the extent the New Options were in-the-money until the repriced options were exercised, canceled or expired.

We believe that we can accomplish our goals of providing option holders with the benefit of choosing whether they want to receive options that over time may have greater potential to increase in value than the Eligible Options held by the option holders, without incurring additional current or future compensation expense because:

- we will not grant any New Options until a day that is at least six months and one day after the date that we accept and cancel Eligible Options tendered for exchange;
- the exercise price of the New Options will equal the fair market value equal to the closing price of our common stock as reported on Nasdaq on the New Option Grant Date;
- we will require any option holder who tenders any Eligible Options in the Offer to tender all Eligible Options that he or she received during the six months immediately prior to the Cancellation Date; and
- we will defer the grant of any other options to which an option holder who tendered Eligible Options in the Offer may be entitled until the New Option Grant Date.

Eligible Options that have been granted under the Option Plans and that we acquire in connection with the Offer will be cancelled and the shares of common stock that may be purchased under those Eligible Options will be returned to the pool of shares available for grants of new awards or options under the Option Plans without further stockholder action, except as required by applicable law or Nasdaq rules or any other securities quotation system or any stock exchange on which our common stock is then quoted or listed.

11. Legal Matters; Regulatory Approvals.  
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We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by the Offer, or of any approval or other action by any government or regulatory authority or agency that is required for the acquisition or ownership of the Eligible Options as described in the Offer. If any other approval or action should be required, we presently intend to seek such approval or take such action. This could require us to delay the acceptance of any Eligible Options that you elect to exchange. We cannot assure you that we would be able to obtain any required approval or take any other required action. Our failure to obtain any required approval or take any required action might result in harm to our business. Our obligation under the Offer to accept exchanged Eligible Options and to issue New Options is subject to conditions, including the conditions described in Section 6.

12. Material U.S. Federal Income Tax Consequences.  
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The following is a general summary of the material U.S. federal income tax consequences of the exchange of Eligible Options under the Offer. This discussion is based on the Internal Revenue Code of 1986, as amended, and regulations thereunder as of the date of the Offer, all of which may change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to apply in all respects to all categories of option holders. In addition, this discussion does not address any aspect of foreign, state or local income taxation or any other form of taxation that may be applicable to an option holder.

If you exchange outstanding incentive or nonstatutory stock options for New Options, you will not be required to recognize income for federal income tax purposes at the time of the exchange. We believe that the exchange will be treated as a non-taxable exchange.

At the New Option Grant Date, you will not be required to recognize additional income for federal income tax purposes. The grant of New Options is not recognized as taxable income.

We recommend that you consult your own tax advisors with respect to the federal, state, local and foreign tax consequences of participating in the Offer.

13. Material Tax Consequences for Employees who are Tax Residents in  
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Argentina.  
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The following is a summary description of the income tax consequences under the Argentina tax law of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the tax law of Argentina and related interpretations as of the date of this Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, you should not realize taxable  
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income upon the exchange of an Eligible Option for a New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option.

Exercise of New Option. When you exercise the New Option you will be  
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subject to income tax on the difference between the fair market value of the shares on the date of exercise and the exercise price. The income recognized would be ordinary income to you, subject to taxation at your marginal tax rate.

Sale of Shares. When you subsequently sell the shares acquired on the  
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exercise of your New Option you will be subject to capital gains tax on any gain that you realize.

14. Material Tax Consequences for Employees who are Tax Residents in Australia.  
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The following is a general summary of the tax consequences of the exchange of options under the Offer for Australian tax residents. This discussion is based on Australian tax law as of the date of the Offer, which is subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. The exchange of an Eligible Option for a New Option will  
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be treated as a taxable exercise of the Eligible Option. The tax treatment depends upon whether you elected to include the value of the Eligible Option at the time of grant (the "discount") in your assessable income for the income year in which the Eligible Option as granted. If you did not make this election, then you will likely be required to recognize income equal to the market value of the Eligible Option as at the date of the cancellation of the Eligible Option, calculated in accordance with a statutory formula. If you did elect to include the discount in your assessable income, then you will likely be required to recognize a taxable capital gain equal to the market value of the Eligible Option at the date of the cancellation of the Eligible Option, minus the cost base of the Eligible Option (subject to reduction by one-half if you have held the Eligible Option for at least 12 months). Since the tax law in this area is not settled, however, we cannot predict the tax consequences with certainty.

As discussed below, you may be subject to tax on the exercise of the New Option and/or the sale of the shares acquired upon that exercise. However, the tax payable on account of the option exchange may result in a reduction of the tax payable upon exercise of the New Option or the sale of the shares acquired upon that exercise.

Grant of New Option. You will not be subject to additional tax upon the  
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grant of the New Option unless you make an election (the "Australian Election"). If you make the Australian Election, which will cover each share of our stock and each option to purchase such shares that you acquire during the tax year, then you must include the taxable gain of the New Option in your assessable income for the year of the New Option grant. The taxable gain will be the market value of the right to receive the New Option, less the market value of the Eligible Option, as determined as at the date of the cancellation of the Eligible Option in accordance with a statutory formula. The application of the formula in this context is not entirely certain.

If you do not make the Australian Election, then you must include an amount (as described below) in your assessable income for the year in which the earliest of the following assessment times occurs:

- (1) the year when you dispose of the New Option (other than by exercising it);
- (2) the year when your employment with Extreme Networks or one of our subsidiaries or affiliates ceases;
- (3) the year when you exercise the New Option; or
- (4) the year when the New Option expires.

The amount which you must include in your assessable income for the year in which the relevant assessment time occurs will be:

- (1) if you dispose of the New Option (or the shares acquired upon exercise) in an arm's length transaction within 30 days after the relevant assessment time--the amount or value of any consideration you receive for the disposal, minus the market value of the Eligible Option at the time of cancellation, minus the option exercise price (if the New Option has been exercised); or
- (2) in any other case--the market value of the New Option (or the shares acquired upon exercise) at the relevant assessment time, minus the market value of the Eligible Option at the time of cancellation, minus the option exercise price (if the New Option has been exercised).

Exercise of New Option. You should not be taxed when you exercise the New  
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Option.

Sale of Shares. When you subsequently sell the shares acquired upon  
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exercise of the New Option, any gain you realize will be taxed as a capital gain  
(other than gains from certain sales of shares within 30 days of the relevant  
assessment time, which will be taxed as income). The amount of the capital gain  
is equal to:

- (1) if you have held the shares for less than one year--the difference  
between the market value of the shares at the time of disposal and the  
cost base of the shares; or
- (2) if you have held the shares for at least one year--one half of the  
difference between the market value of the shares at the time of  
disposal and the cost base of the shares (subject to you first  
applying any prior year or current year capital losses against the  
full capital gain).

15. Material Tax Consequences for Employees who are Tax Residents in Belgium.  
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This summary does not discuss all of the tax consequences that may be  
relevant to you in your particular circumstances, but is merely intended to  
alert you to some of the tax information you may want to consider in making your  
decision. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL  
CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS  
RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will not be required to recognize any taxable income  
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solely as a result of the exchange of an Eligible Option for new options;  
however, any tax which you may have paid upon the grant of your Eligible Option  
cannot be credited against tax payable on the New Option.

Grant of New Option. Since options granted in Belgium since 1999 have been  
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subject to tax on grant, you may have been subject to tax in connection with the  
grant of your Eligible Options. You will be subject to tax again when the New  
Option is granted to you if you accept it, and any tax, which you may have paid  
on the grant of your Eligible Options, cannot be credited against the tax  
payable on the New Option.

Assuming that the expiration date of the offer is not extended and the New  
Option is not exercised for three years from the date of the new grant (and you  
sign an undertaking to that effect), the taxable amount will be 10% of the value  
of the underlying shares on the date of the "offer," plus the amount by which  
the New Option is "in the money" on the date of the "offer." If you exercise  
your New Option before the three year period, the taxable amount will be 20% of  
the value of the underlying shares on the date of the "offer," plus the amount  
by which the option is "in the money" on the date of the "offer."

The date of the "offer" is the date on which you will receive written  
materials describing the terms and conditions of your New Option, which we  
expect to be June 5, 2002. The date upon which income is recognized is the 60th  
day following the offer.

Exercise of New Option. You will not be subject to tax when you exercise  
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your New Option and purchase the underlying shares.

Sale of Shares. You will not be subject to tax when you subsequently sell  
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the shares acquired upon the exercise of your New Option.

16. Material Tax Consequences for Employees who are Tax Residents in Brazil.  
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This summary does not discuss all of the tax consequences that may be  
relevant to you in your particular circumstances. It is a general summary for  
employees who are tax residents in Brazil of the tax consequences of the  
exchange of Eligible Options for New Option under the Offer. This discussion is  
based on the Brazilian tax law as of the date of the Offer, which is subject to  
change, possibly on a retroactive basis. PLEASE NOTE THAT TAX

LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, you should not realize taxable income upon the exchange of an Eligible Option for a New Option.

Grant of New Option. You should not be taxed when the New Option is granted.

Exercise of New Option. Due to exchange control restrictions in Brazil, you will only be able to exercise the New Option granted to you by using the full cashless exercise method whereby the options are exercised without remitting any cash. You will not be entitled to receive and hold shares of Extreme Networks stock when you exercise the New Option

Sale of Shares. Under the full cashless exercise method, the broker will immediately sell all of the shares subject to the option. You will receive the cash proceeds from the sale, minus the exercise price and any taxes, withholding obligations, commissions and broker's fees associated with the transactions.

17. Material Tax Consequences for Employees who are Tax Residents in Canada.

This summary does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, but is merely intended to alert you to some of the tax information you may want to consider in making your decision. This discussion is based on the Canadian tax laws as of the date of the Offer, which is subject to change, possibly on a retroactive basis. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable income solely as a result of the exchange of an Eligible Option for a New Option. Although we do not believe there will be a taxable event on the exchange, it is possible that if the stock price drops between the time of the cancellation of Eligible Options and the grant of New Option, the value of the New Option would be required to be included in your income. Since the tax law in this area is not settled, however, we cannot predict the tax consequences with certainty

Grant of New Option. You will not be subject to tax when the New Option is granted to you.

Exercise of New Option. When you exercise the New Option, the amount by which the fair market value of the shares you purchase exceeds the option exercise price you pay for those shares will, subject to the deferral provisions discussed below, be treated as taxable income and taxed in the year of exercise. You may exclude one-half of this "spread" from your taxable income and you will be subject to tax on the remaining one-half at your marginal tax rate.

You may defer taxation on the spread until the earlier of the time that you sell the shares purchased on exercise, die or become a non-resident of Canada. In order to be eligible for this deferral, you must file an election with your employer by January 15 of the year following the year in which shares are acquired under the applicable option plan.

You may defer taxation on the spread only up to the first C\$100,000 worth of options that vest in any one year. For the purpose of calculating this limit, the value of an option equals the fair market value of the shares subject to the option at the time the option was granted.

Sale of Shares. When you subsequently sell the shares acquired upon the exercise of your New Option, one-half of the difference between the sale price and the fair market value of the shares on the date of exercise (less any brokerage fees) will be subject to tax at your marginal income tax rate. One-half of any loss arising on the sale of the shares (including any brokerage fees) may be deducted from any taxable capital gain for the year, the previous

three taxation years, or any subsequent taxation year. Any amount on which taxation was deferred at exercise will become taxable at the time the shares are sold.

18. Material Tax Consequences for Employees who are Tax Residents in Chile.  
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The following is a summary description of the Chilean tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Chilean tax legislation and related interpretations as of the date of this Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss, nor is intended to discuss, all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, you should not realize taxable income  
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upon the exchange of an Eligible Option for a New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option. At the option exercise, it is unlikely that the difference between the exercise price of the option and the fair market value of the shares subject to the option on the date of exercise may be subject to taxes in Chile. The capital gain, if any, will be originated at the time of sale of the shares and will be subject to First Category Income Tax and to Surtax.

Exercise of New Option. When you exercise the New Option you will be  
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subject to income tax on the difference between the fair market value of the shares subject to the option on the date of exercise and the exercise price taxable at applicable marginal income tax rates.

Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of your New Option you will be subject to capital gains tax on any gain that you realize.

19. Material Tax Consequences for Employees who are Tax Residents in China.  
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This summary does not discuss all of the tax consequences that may be relevant to you in your particular circumstances. It is a general summary for employees who are tax residents in China of the tax consequences of the exchange of Eligible Options for New Option under the Offer. This discussion is based on the Chinese tax law as of the date of the Offer, which is subject to change, possibly on a retroactive basis. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, you should not realize taxable income  
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upon the exchange of an Eligible Option for a New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option.

Exercise of New Option. Due to exchange control and securities law  
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restrictions in the People's Republic of China, the terms of any New Option will be modified. You will only be able to exercise your New Option using the full cashless exercise method whereby the options are exercised without remitting any cash. You will not be entitled to receive and hold shares of our stock when you exercise your options and New Option.

Sale of Shares. Under the cashless exercise method of exercise, the broker  
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will immediately sell all of the shares that you are entitled to purchase. You will receive the cash proceeds from the sale, minus the exercise price and any taxes, withholding obligations, commissions and brokers' fees associated with the transaction.

20. Material Tax Consequences for Employees who are Tax Residents in Denmark.  
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The following is a summary description of the Danish income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Danish tax code and related interpretations as of the date of this Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. It is likely that the exchange of an Eligible Option for a  
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New Option will be viewed as a taxable exercise or disposal of the Eligible Option. You will likely be required to recognize taxable income equal to the value of the New Option calculated in accordance with the statutory formula, although the precise application of the formula in this context is uncertain.

You may have been subject to tax in connection with the grant of your Eligible Option if it was granted prior to January 1, 2001. It is likely that any taxes you may have paid or may be required to pay on account of the Eligible Option will not be recoverable and cannot be credited against any tax you will be required to pay in connection with the New Option. As described below, however, the tax payable on account of the option exchange may result in a reduction of the tax payable on the exercise of the New Option and possibly on the sale of shares acquired upon the exercise of the New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option.

Exercise of New Option. When you exercise the New Option, the amount by  
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which the fair market value of the shares you purchase exceeds the option exercise price you pay for the shares will be taxed at your marginal income tax rate. However, this amount will be reduced by certain amounts which were already subject to tax as described above. You will also be subject to social security contributions on the spread at exercise.

Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of your New Option, you will be subject to tax on any gain that you realize. The tax treatment depends upon whether you hold the shares for less than or more than three years. If you hold the shares for less than three years, the gain is taxed as investment income and is subject to tax rates of up to 59%. If you hold the shares for more than three years, the gain will be tax-free, provided the fair market value of your total portfolio of quoted shares for the last three years before the sale has not exceeded a certain threshold. If such threshold is exceeded, the gain will be taxed as share income.

21. Material Tax Consequences for Employees who are Tax Residents in Finland.  
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The following is a summary description of the Finnish income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Finnish tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, you should not realize taxable income  
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upon the exchange of an Eligible Option for a New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option.

Exercise of New Option. When you exercise the New Option you will be

subject to tax on the difference between the fair market value of the shares subject to the option and the exercise price taxable at applicable marginal income tax rates.

Sale of Shares. When you subsequently sell the shares acquired upon the

exercise of your New Option you will be subject to capital gains tax on any gain that you realize.

22. Material Tax Consequences for Employees who are Tax Residents in France.

The following is a general summary of the income tax and social contributions consequences of the exchange of options under the Offer for French tax residents. This discussion is based on French tax law as of the date of the Offer, which is subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable

income solely as a result of the exchange of an Eligible Option for a New Option.

Grant of New Option. You should not be subject to tax when the New Option

is granted.

Exercise of New Option. The New Option is not a French-Qualified Option.

When you exercise your New Option, you will be subject to income tax (at your marginal rate) and social taxes on the difference between the fair market value of the shares on the date of exercise and the exercise price (i.e., the spread). This income is considered additional salary and therefore is included in your overall income for the year in which you exercise your New Option. You will also be subject to social security contributions on the spread at exercise.

Sale of Shares. When you subsequently sell the shares acquired upon the

exercise of your New Option, you may be subject to capital gains and social taxes. These taxes only apply when the aggregate gross proceeds from the sale of shares by the individual during a calendar year period exceed an indexed amount, which is set at FRF50,000 (approximately US\$6,450) for 2001.

23. Material Tax Consequences for Employees who are Tax Residents in Germany.

The following is a summary description of the German income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the German tax law as of the date of this Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable

income solely as a result of the exchange of an Eligible Option for a New Option.

Grant of New Option. You will not be subject to tax when the New Option is

granted to you.

Exercise of New Option. When you exercise the New Option, the amount by

which the fair market value of the shares you purchase exceeds the option exercise price you pay for those shares will be taxable as ordinary income. This amount may also be subject to social insurance contributions if and to the extent to which your income during the month in which you exercise the New Option is below the applicable social security contribution limits.

Sale of Shares. You will not be subject to tax upon the subsequent sale of

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the shares acquired upon the exercise of your New Option, provided that (i) you have owned the shares for more than 12 months, (ii) you have

not, within the last 5 years, held more than 10% of the stated capital of Extreme Networks, and (iii) you have not held the shares as a business asset. Effective January 1, 2002, the 10% limit will be lowered to 1% such that in order to satisfy the forgoing conditions, you cannot have held 1% of our stated capital. If tax is due, the amount subject to tax is equal to 50% of the amount by which the sale price exceeds the sum of the exercise price paid for the shares plus the amount that was subject to tax upon exercise.

24. Material Tax Consequences for Employees who are Tax Residents in Hong Kong.  
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The following is a summary description of the Hong Kong income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Hong Kong tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. If you were employed in Hong Kong at the time of the  
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original grant and at the time of the new grant you will probably not be required to recognize any taxable income solely as a result of the exchange of an Eligible Option for a New Option granted at fair market value.

Grant of New Option. If you were employed in Hong Kong at the time of the  
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original grant and at the time of the new grant you will probably not be required to recognize any taxable income solely as a result of the exchange of an Eligible Option for a New Option granted at fair market value.

Exercise of New Option. When you exercise, assign or release the New Option  
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it will be subject to salaries tax on the difference between the exercise price of the New Option and the fair market value of the shares subject to the New Option on the date of exercise.

Sale of Shares. You will not be subject to salaries tax or capital gains  
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tax when you sell the shares.

25. Material Tax Consequences for Employees who are Tax Residents in Italy.  
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The following is a summary description of the Italian income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Italian tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New Option.

Grant of New Option. You will not be subject to tax when the New Option is  
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granted to you.

Exercise of New Option. When you exercise the New Option you will be  
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subject to employment income tax and social insurance contributions on the spread at exercise, unless an exemption applies. The spread will be the difference between the exercise price and the average of the official prices of the shares in the month preceding the exercise date (i.e., the average prices during the period ending on the day of exercise and starting on the same day of the preceding month). If Extreme Networks qualifies for an exemption you will not have to pay tax until you sell your shares.

Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of your New Option, the amount by which the sale price exceeds the option exercise price paid for the shares will be taxed at capital gains tax rates.



26. Material Tax Consequences for Employees who are Tax Residents in Japan.  
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The following is a summary description of the Japanese income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Japanese tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New Option. Since the tax law in this area is not settled, however, we cannot predict the tax consequences with certainty.

Grant of New Option. You will not be subject to tax when the New Option is  
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granted to you.

Exercise of New Option. When you exercise the New Option, the amount by  
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which the fair market value of the shares you purchase exceeds the option exercise price you pay for those shares will be subject to income tax. This amount will likely be treated as "remuneration income" and will be taxed at your marginal tax rate. You will likely have to file a tax return to report this income.

Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of your New Option, any gain you realize will be subject to tax.

27. Material Tax Consequences for Employees who are Tax Residents in Korea.  
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The following is a summary description of the Korean income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Korean tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New Option. Since the tax law in this area is not settled, however, we cannot predict the tax consequences with certainty.

Grant of New Option. You will not be subject to tax when the New Option is  
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granted to you.

Exercise of New Option. When the New Option is exercised, the employee will  
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be subject to tax on the difference (i.e., the "spread") between the exercise price and the fair market value of the shares at the time of exercise. The spread is treated as "salary" or "wages" and taxed at the employee's marginal rate.

Sale of Shares. You will be subject to capital gains from the sale of  
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shares.

28. Material Tax Consequences for Employees who are Tax Residents in Malaysia.  
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The following is a summary description of the Malaysian income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Malaysian tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.



Option Exchange. Under current law, no tax should be payable upon the  
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option exchange as there will be no "spread" on the grant of the New Option.

Grant of New Option. The New Option may be treated as new grants for  
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Malaysian tax purposes. Generally, you will recognize taxable income at the date of grant. The taxable amount is the difference (or spread) between the exercise price and the fair market value of the shares on the Net Option Grant Date, however, because the fair market value of the underlying shares at the New Option Grant Date is the same as the exercise price, it appears that there should be no tax liability on the grant of the New Option. Please note that the Malaysian tax authorities may characterize fair market value as the average of the high and low trading price on the date of grant. Please be advised that there is no well-established tax treatment of stock options in Malaysia.

Exercise of New Option. If a spread exists at the date of grant, the you  
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will be subject to tax on this spread. However, the tax will be due only when you exercise the options and realize the gain. You will not be subject to tax on the exercise of the New Option, unless there was a spread at grant, which would be taxed at exercise.

Sale of Shares. You will not be taxed on any gain arising from the  
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subsequent sale of shares, unless you are in the business of buying and selling securities.

29. Material Tax Consequences for Employees who are Tax Residents in Mexico.  
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The following is a summary description of the Mexican income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Mexican tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, employees who exchange an Eligible  
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Option for a New Option should not realize taxable income as a result of the exchange, to the extent that the underlying shares are not fully vested. However, the option exchange may result in taxable income for Eligible Options which are vested. In addition, as the New Option vests, the difference between the exercise price of the New Option and the fair market value of the shares subject to the option on the vesting date may be compensation income taxable at applicable marginal income tax rates.

Grant of New Option. Under current law, you will not recognize income when  
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the New Option is granted provided the New Option is not transferable and has no commercial value.

Exercise of New Option. You will not be taxed in connection with exercise  
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unless the local subsidiary reimburses Extreme Networks for the spread (i.e., the difference between the exercise price and the fair market value of the shares at exercise). If the local subsidiary reimburses Extreme Networks in the amount of the spread (or any lesser amount reimbursed), you will recognize salary income in an amount equal to the reimbursement of the spread (or any lesser amount reimbursed). You may also be taxed on your ratable share of the administrative expenses (including legal fees and expenses) of the Plan, paid by the local subsidiary.

Sale of Shares. If the local subsidiary does not reimburse Extreme  
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Networks, upon sale of the shares acquired under the Plan, you will recognize "income from the disposition of property" equal to the amount by which the sale price exceeds the amount you paid for the stock (with an adjustment for inflation, plus any brokerage fees paid to buy or sell the stock).

If, however, the local subsidiary reimburses Extreme Networks for the spread, you will have recognized salary income at the time of the reimbursement. In such case, the taxable gain will be calculated as the amount by which the sale price exceeds the sum of: (1) the amount you paid for the stock, (2) the amount that you included in income upon exercise as described above, with an adjustment for inflation, and (3) any brokerage fees paid to buy or sell the stock. If the local subsidiary reimburses Extreme Networks and a portion of the

spread qualifies for an

exclusion from salary income as a fringe benefit, the taxable gain will be calculated as the amount by which the sale price exceeds the sum of: (1) the amount you paid for the stock, (2) the amount you included in income at exercise and the amount excluded as an exempt fringe benefit, with an adjustment for inflation, and (3) any brokerage fees paid to buy or sell the stock.

For Mexican income tax purposes, the tax basis, the proceeds from the sale and, consequently the applicable tax, are all calculated on the peso equivalent of the amounts in question.

30. Material Tax Consequences for Employees who are Tax Residents in The Netherlands.

The following is a summary description of Dutch income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Dutch tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable income solely as a result of the exchange of an Eligible Option for a New Option. Since the tax law in this area is not settled, however, we cannot predict the tax consequences with certainty.

You may have been subject to tax in connection with your Eligible Option. It is likely that any taxes you may have paid or may be required to pay on account of the Eligible Option will not be recoverable and cannot be credited against any tax you will be required to pay in connection with the New Option.

Grant of New Option. Under current law which became effective on January 1, 2001, you should not realize taxable income upon the exchange of an Eligible Option or the grant of a New Option, provided that you make an election to be taxed on the exercise date. Dutch tax law provides that you will recognize taxable income on the first date that shares subject to an option first vest, unless you elect to be taxed at the time of option exercise and such an election is submitted to the tax authorities prior to the first vesting of your New Option. For a New Option, this election must be made prior to the grant date, because a portion of the New Option will be vested on the grant date. Any taxes paid with respect to the Eligible Options cannot be credited against any income resulting from the vesting or exercise of the New Option.

Exercise of New Option. If you elect to defer taxation until exercise, you should be subject to tax at exercise on the difference between the exercise price of the option and the fair market value of the shares subject to the option on the date of exercise. You should be taxed at applicable marginal income tax rates

Sale of Shares. The shares will not be subject to capital gains, provided you hold less than a 5% interest in Extreme Networks as a private investment.

31. Material Tax Consequences for Employees who are Tax Residents in New Zealand.

The following is a summary description of the New Zealand income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the New Zealand tax code and related interpretations as of the date of this Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, you should not realize taxable income upon the exchange of an Eligible Option for a New Option.



Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option.

Exercise of New Option. When you exercise the New Option the difference  
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between the exercise price of the option and the fair market value of the shares  
subject to the option on the date of exercise may be taxable at applicable  
marginal income tax rates.

Sale of Shares. You may also recognize taxable capital gains on the sale of  
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your shares.

32. Material Tax Consequences for Employees who are Tax Residents in Norway.  
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The following is a summary description of the Norwegian income tax  
consequences of the exchange of Eligible Options pursuant to the Offer. This  
discussion is based on the Norwegian tax code and related interpretations as of  
the date of this Offer, all of which are subject to change, possibly on a  
retroactive basis. This summary does not discuss all of the tax consequences  
that may be relevant to you in light of your particular circumstances, nor is it  
intended to be applicable in all respects to all categories of option holders.  
PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL  
CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS  
RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. Under current law, you should not realize taxable income  
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upon the exchange of an Eligible Option of a New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option. Unless your New Option is  
non-transferable and conditional, any options held by you at the end of the year  
may be subject to the wealth tax.

Exercise of New Option. When you exercise the New Option the difference  
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between the exercise price of the option and the fair market value of the shares  
subject to the option on the date of exercise may be compensation income taxable  
at applicable marginal income tax rates. You may be able to deduct any loss from  
the exchange of the Eligible Option. You may be subject to wealth tax on any  
shares held by you at the end of the year.

Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of your New Option, the amount by which the sale price exceeds the  
option exercise price paid for the shares will be taxed at capital gains tax  
rates. Any loss is deductible.

33. Material Tax Consequences for Employees who are Tax Residents in Singapore.  
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The following is a summary description of the Singaporean income tax  
consequences of the exchange of Eligible Options pursuant to the Offer. This  
discussion is based on the Singaporean tax law as of the date of the Offer, all  
of which are subject to change, possibly on a retroactive basis. This summary  
does not discuss all of the tax consequences that may be relevant to you in  
light of your particular circumstances, nor is it intended to be applicable in  
all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS  
CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX  
ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN  
THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New  
Option. Since the tax law in this area is not settled, however, we cannot  
predict the tax consequences with certainty.

Grant of New Option. You will not be subject to tax when the New Option is  
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granted to you.

Exercise of New Option. When you exercise the New Option , the amount by  
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which the fair market value of the shares you purchase exceeds the option  
exercise price you pay for those shares will be subject to income and social  
security tax at the time of exercise.



Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of your New Option , you will not be subject to tax unless you are in  
the business of buying and selling securities.

34. Material Tax Consequences for Employees who are Tax Residents in Spain.  
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The following is a summary description of the Spanish income tax  
consequences of the exchange of Eligible Options pursuant to the Offer. This  
discussion is based on the Spanish tax law as of the date of the Offer, all of  
which are subject to change, possibly on a retroactive basis. This summary does  
not discuss all of the tax consequences that may be relevant to you in light of  
your particular circumstances, nor is it intended to be applicable in all  
respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE  
FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR  
TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New  
Option. Since the tax law in this area is not settled, however, we cannot  
predict the tax consequences with certainty.

Grant of New Option. You will not be subject to tax when the New Option is  
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granted to you.

Exercise of New Option. When you exercise the New Option, the amount by  
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which the fair market value of the shares you purchase exceeds the option  
exercise price you pay for those shares will be subject to income tax, although  
certain exceptions may apply.

Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of your New Option, you will recognize a taxable capital gain (or loss)  
on the difference between the sale proceeds and your acquisition cost. Your  
acquisition cost is generally equal to the sum of the option exercise price paid  
for the shares plus the income, if any, recognized for income tax purposes with  
respect to the shares upon exercise of the New Option, plus any expenses you may  
have incurred. If you hold the shares one year or less, the capital gain is  
taxed at the general income tax rate. If you hold the shares for more than one  
year, the capital gain will be taxed at a flat rate (currently 18% for 2001).

35. Material Tax Consequences for Employees who are Tax Residents in Sweden.  
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The following is a summary description of the Swedish income tax  
consequences of the exchange of Eligible Options pursuant to the Offer. This  
discussion is based on the Swedish tax law as of the date of the Offer, all of  
which are subject to change, possibly on a retroactive basis. This summary does  
not discuss all of the tax consequences that may be relevant to you in light of  
your particular circumstances, nor is it intended to be applicable in all  
respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE  
FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR  
TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New  
Option.

Grant of New Option. You will not be subject to tax when the New Option is  
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granted to you.

Exercise of New Option. When you exercise the New Option, you may be  
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subject to income tax on the difference between the fair market value of the  
shares on the date of exercise and the exercise price. The income recognized  
would be considered regular salary to you, subject to taxation at your marginal  
tax rate.

Sale of Shares. When you subsequently sell the shares acquired upon the  
-----  
exercise of your New Option, you will recognize a capital gain (or loss) equal  
to the difference between the sales price and the sum of the option exercise  
price paid for the shares plus the amount of regular salary you recognized for  
income tax purposes upon exercise of the New Option. Capital gains are taxed at  
a flat rate (currently 30% for 2001).



36. Material Tax Consequences for Employees who are Tax Residents in Taiwan.  
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The following is a summary description of the Taiwanese income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the Taiwanese tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option or upon the subsequent exercise of the New Option.

Exercise of New Option. You will not be taxed when you exercise your New  
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Option unless the local subsidiary reimburses Extreme Networks for the amount of the spread and takes a tax deduction. If Extreme Networks is reimbursed by the local subsidiary who subsequently takes a tax deduction, you will incur taxable income on the difference (or spread) between the exercise price of the New Option and the fair market value of the shares on the date of exercise.

Sale of Shares. You will not recognize any taxable income when you  
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subsequently sell the shares acquired upon the exercise of your New Option.

37. Material Tax Consequences for Employees who are Tax Residents in United  
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Arab Emirates.  
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The following is a summary description of the income tax consequences under the current tax law of the United Arab Emirates of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the tax code of the United Arab Emirates and related interpretations as of the date of this Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
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income solely as a result of the exchange of an Eligible Option for a New Option.

Grant of New Option. Under current law, you should not realize taxable  
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income upon the grant of a New Option.

Exercise of New Option. You will probably not be taxed when you exercise  
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your New Option.

Sale of Shares. You will not be taxed when you subsequently sell the shares  
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acquired upon the exercise of your New Option.

38. Material Tax Consequences for Employees who are Tax Residents in United  
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Kingdom.  
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The following is a summary description of the United Kingdom income tax consequences of the exchange of Eligible Options pursuant to the Offer. This discussion is based on the United Kingdom tax law as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. PLEASE NOTE THAT TAX LAWS



FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCE. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THE OFFER.

Option Exchange. You will probably not be required to recognize any taxable  
-----  
income solely as a result of the exchange of an Eligible Option for a New Option.

Grant of New Option. You will not be subject to tax when the New Option is  
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granted to you.

Exercise of New Option. When you exercise the New Option , the amount by  
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which the fair market value of the shares you purchase exceeds the option exercise price you pay for those shares will be subject to income tax. You will also be required to pay the employee's NICs on this amount if your earnings do not already exceed the maximum limit for NIC purposes. The maximum limit is (pound)29,900 per year for the U.K. tax year April 6, 2001 to April 5, 2002.

Sale of Shares. When you subsequently sell the shares acquired upon the  
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exercise of the New Option, you will be subject to capital gains tax on the amount by which the sale proceeds exceed the fair market value of the shares at the time of exercise. Any capital gains tax you may owe is subject to an annual personal exemption ((pound)7,500 for the current U.K. tax year) and to taper relief calculated with reference to the period of time during which you held the shares.

### 39. Extension of the Offer; Termination; Amendment. -----

We may at any time, and from time-to-time, extend the period of time during which the Offer is open and delay accepting any Eligible Options tendered for exchange by announcing the extension and giving oral or written notice of the extension to the option holders.

Prior to the Expiration Date, in order to terminate or amend the Offer, we may postpone accepting and canceling any Eligible Options if any of the conditions specified in Section 6 occur. In order to postpone accepting or canceling, we must announce the postponement and give oral or written notice of the postponement to the option holders. Our right to delay accepting and canceling Eligible Options may be limited by Rule 13e-4(f)(5) under the Securities Exchange Act, which requires that we pay the consideration offered or return the surrendered options promptly after we terminate or withdraw the Offer.

As long as we comply with any applicable laws, we may amend the Offer in any way, including decreasing or increasing the consideration offered in the Offer to option holders or by decreasing or increasing the number of Eligible Options to be exchanged or surrendered in the Offer.

We may amend the Offer at any time by announcing the amendment. If we extend the length of time during which the Offer is open, the amendment must be issued no later than 12:00 midnight, Pacific Time, on the next business day after the last previously scheduled or announced expiration date. Any announcement relating to the Offer will be sent promptly to option holders in a manner reasonably designed to inform option holders of the change.

If we materially change the terms of the Offer or the information about the Offer, or if we waive a material condition of the Offer, we may extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Securities Exchange Act. Under these rules, the minimum period an Offer must remain open following material changes in the terms of the Offer or information about the Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances. We will publish a notice if we decide to take any of the following actions:

- increase or decrease what we will give you in exchange for your Eligible Options;
- increase or decrease the number of Eligible Options to be exchanged in the Offer; or
- extend or terminate the Offer.



If the Offer is scheduled to expire within ten business days from the date we notify you of such an increase or decrease, we intend to extend the Offer for a period of ten business days after the date the notice is published.

40. Fees and Expenses.

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We will not pay any fees or commissions to any broker, dealer or other person asking holders of Eligible Options to exchange such Eligible Options pursuant to this Offer.

41. Information Concerning Extreme Networks.

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Extreme Networks, Inc, together with its subsidiaries, is a leading provider of network infrastructure equipment for business applications and services. We were established in 1996 to address the issues caused by slow and expensive networks. We set out to change the industry by replacing complex software-based routers with simple, fast, highly intelligent, hardware-based switches. The acceptance of this innovative, simplified approach to networking has enabled us to become an industry leader. Our goal is to realize our corporate vision of Ethernet Everywhere - a unifying network strategy that uses proven Ethernet technology to simplify each element of the network. Accordingly, our strategy is to lay the foundation for a future of easily deployable, highly scalable, ubiquitous bandwidth for networks, applications and users.

We are incorporated in Delaware. Our principal executive offices are located at 3585 Monroe Street, Santa Clara, CA 95051, and our telephone number at that address is (408) 579-2800.

The following table sets forth selected consolidated financial operating data for Extreme Networks, Inc. The selected historical statement of operations data for the years ended July 1, 2000 and the selected historical balance sheet data as of July 1, 2000 and 2001 have been derived from the consolidated financial statements included in our Annual Report on Form 10-K for the year ended July 1, 2001 that have been audited by Ernst & Young LLP, independent auditors. The information presented below should be read together with the complete financial statements and the notes related thereto as well as the section of these reports entitled Management's Discussion and Analysis of Financial Condition and Results of Operations. We have presented the following data in thousands, except per share data.



Our SEC filings are also available to the public on the SEC's website at <http://www.sec.gov>.

Our common stock is quoted on the Nasdaq National Market under the symbol "EXTR," and our SEC filings can be read at the following Nasdaq address:

Nasdaq Operations  
1735 K Street, N.W.  
Washington, D.C. 20006

We will also provide each employee or member of our Board of Directors, upon their written or oral request and without charge, a copy of this Offer to Exchange or any or all of the documents to which we have referred you, other than exhibits to these documents (unless the exhibits are specifically incorporated by reference into the documents). Requests should be directed to:

Extreme Networks, Inc.  
Attn: Investor Relations  
3585 Monroe Street  
Santa Clara, CA 95051

or by telephoning us at (408) 579-2800 between the hours of 9:00 a.m. and 5:00 p.m., Pacific Time.

As you read the documents listed in this Section 41, you may find some inconsistencies in information from one document to another. Should you find inconsistencies between the documents, or between a document and this Offer, you should rely on the statements made in the most recent document.

The information contained in this Offer to Exchange about us should be read together with the information contained in the documents to which we have referred you.

42. Forward Looking Statements; Miscellaneous.  
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This Offer and our SEC reports referred to above include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve risks and uncertainties. More information about factors that potentially could affect our financial results is included in our filings with the SEC, including our Annual Report on 10-K for the year ended July 1, 2001, and our Proxy Statement for the 2001 Annual Meeting of Stockholders.

If at any time we become aware of any jurisdiction where the making of this Offer violates the law, we will make a good faith effort to comply with the law. If, we cannot comply with the law, the Offer will not be made to, nor will exchanges be accepted from or on behalf of, the option holders residing in that jurisdiction.

Our Board of Directors recognizes that the decision to accept or reject this Offer is an individual one that should be based on a variety of factors and you should consult your personal advisors if you have questions about your financial or tax situation. The information about this Offer from us is limited to this document, the attached Summary of Terms and the Tender Offer Statement on Schedule T0.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR OPTIONS PURSUANT TO THE OFFER. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT, THE ATTACHED SUMMARY OF TERMS AND THE TENDER OFFER STATEMENT ON SCHEDULE T0. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

Extreme Networks, Inc.

October 31, 2001

SCHEDULE A

INFORMATION ABOUT OUR DIRECTORS AND  
EXECUTIVE OFFICERS

Our directors and executive officers and their positions and offices as of October 31, 2001 are set forth in the following table:

NAME -----	POSITION AND OFFICES HELD -----
Gordon L. Stitt	President, Chief Executive Officer and Director
Harold L. Covert	Vice President, Chief Financial Officer and Secretary
Stephen Haddock	Vice President and Chief Technical Officer
Herb Schneider	Vice President, Engineering
Chris Todd	Vice President, Worldwide Sales
Darrell Scherbarth	Chief Strategy Officer
Charles Carinalli	Director
Promod Haque	Director
Ken Levy	Director
Lawrence Orr	Director
Peter Wolken	Director

The address of each director and executive officer is: c/o Extreme Networks, 3585 Monroe Street, Santa Clara, California, 95051.

Dear Extreme Team,

As you know, current economic conditions have adversely affected Extreme's stock price. After investigating our alternatives, I am pleased to announce we will be offering a stock exchange program. This is an excellent opportunity for those of you with underwater options to exchange them for new, potentially more valuable options.

This is a voluntary program permitting eligible employees to exchange stock on a 1:1 basis. Option grants with an exercise price of \$10 or more are eligible. Our executive staff will be excluded from participating in this program.

Certain rules require that we provide you at least 20 business days to make an election to participate. We have created a secure web page where you can submit an election form; the deadline to do so is December 3rd. On December 4th, we will cancel all option grants that you elect to exchange. Due to such rules, this deadline is final and there will be no extensions for any reason.

For accounting reasons, we cannot grant the new options for at least six months and one day after we cancel the eligible options, so the new options will be granted June 5, 2002 (or a later date if we extend the Offer), and will have an exercise price that will be equal to the closing price on that date.

Your participation in this Offer is voluntary. You can either keep your current eligible option grants at their current exercise price with their existing vesting schedules or you can cancel eligible options in exchange for a new option grant representing the same number of shares. The new option grants will have an adjusted vesting schedule that is described in the attached Q&A.

This offer is subject to conditions described in the "Tender Offer" documentation filed with the SEC, which is attached to this email. The attached Q&A and presentation explain the program in more detail. These documents are also available on the intranet, on the stock exchange program page located at <https://exchange.extremenetworks.com>.

We will hold company meetings at the Santa Clara office tomorrow (and conference calls for other locations) to explain the program in more detail and respond to any questions that you may have. Employee Communications will send the complete meeting and call schedule.

I encourage you to review the materials and attend the meetings/conference calls before making your decision. If you have any questions about the stock exchange program, please contact Bill Barthell. Questions about your stock options and grants may be referred to Anna Baca.

[LOGO]

STOCK OPTION EXCHANGE PROGRAM

Follow the links below for information on the program and to make your elections.

- . Option Exchange Program Info: Read/download the official document filed with the SEC: \_\_\_\_\_ last updated: \_\_\_\_
- . Q&A: Questions and answers to some common questions: \_\_\_\_\_: last updated: \_\_\_\_\_
- . Overview of the program: \_\_\_\_\_ : last updated: \_\_\_\_\_
- . Ask a question: Email a question regarding the program.

If you are considering participating in the exchange program, click:

View Election Form.

-----

Otherwise click: I do not wish to participate in the exchange program.

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When you click a button, you will be prompted to login.

Please use your EXTR user id and password (use your usual network login and password)

THIS PROGRAM AND THE INFORMATION PROVIDED ON THIS WEBSITE ARE SUBJECT TO AND GOVERNED BY THE OFFER TO EXCHANGE OUTSTANDING OPTIONS TO PURCHASE COMMON STOCK FILED BY US WITH THE SECURITIES AND EXCHANGE COMMISSION, ALONG WITH OTHER MATERIALS. THOSE MATERIALS ARE AVAILABLE FREE OF CHARGE, EITHER FROM THE COMPANY OR AT THE SEC WEBSITE AT WWW.SEC.GOV. THESE MATERIALS ARE IMPORTANT AND YOU ARE

-----

URGED TO READ THEM CAREFULLY.

[LOGO]

STOCK OPTION EXCHANGE FORM FOR [NAME]

- . If you want to participate, click the box next to the option you want to exchange
- . If you make a mistake or change your mind, click the box again to remove the election
- . When you are finished making your election, click "Submit"
- . You can change your election as many times as you want before the deadline

Select grants to exchange (NOTE: ONLY ELIGIBLE OPTIONS ARE LISTED)

[-]	Date issued	Number of outstanding shares	Price
[-]			
[-]			
[-]			

When you have made your selections, click here : [Submit](#)  
-----

DEADLINE FOR SUBMISSION: 12:00 midnight, Pacific Time, December 3, 2001.

CURRENT DATE/TIME: \_\_\_\_\_

IF YOU ELECT TO PARTICIPATE IN THE OPTION EXCHANGE PROGRAM, ANY OPTIONS GRANTED TO YOU WITHIN SIX MONTHS PRIOR TO THE DEADLINE (OTHER THAN FORMULA GRANTS) WILL AUTOMATICALLY BE EXCHANGED REGARDLESS OF WHETHER YOU CHECKED THE BOX FOR THOSE GRANTS.

If you don't want to exchange any options, click here:

[I do not wish to participate in the exchange program](#)  
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. Option Exchange Program Info: \_\_\_\_\_ . Q&A: \_\_\_\_\_ . Ask a question  
last updated: \_\_\_\_\_ . updated: \_\_\_\_\_

THIS PROGRAM AND THE INFORMATION PROVIDED ON THIS WEBSITE ARE SUBJECT TO AND GOVERNED BY THE OFFER TO EXCHANGE OUTSTANDING OPTIONS TO PURCHASE COMMON STOCK FILED BY US WITH THE SECURITIES AND EXCHANGE COMMISSION, ALONG WITH OTHER MATERIALS. THOSE MATERIALS ARE AVAILABLE FREE OF CHARGE, EITHER FROM THE COMPANY OR AT THE SEC WEBSITE AT WWW.SEC.GOV. THESE MATERIALS ARE IMPORTANT AND YOU ARE URGED TO READ THEM CAREFULLY.  
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[LOGO]

Thank You [NAME]

You have chosen to participate in the Stock Option Exchange Program for the following options:

You must print this page, sign it and fax it to Anna Baca at (408) 579-2699.

Date Issued	Number of outstanding shares	Price
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You can change your selection at any time before the deadline; simply return to the Stock Option Exchange Page.

PLEASE NOTE - ON YOUR CONFIRMATION YOU WILL ONLY SEE THE OPTIONS FOR WHICH YOU SPECIFICALLY CHECKED A BOX, BUT BECAUSE YOU HAVE ELECTED TO PARTICIPATE IN THE OPTION EXCHANGE PROGRAM, ANY OPTIONS GRANTED TO YOU WITHIN SIX MONTHS PRIOR TO THE DEADLINE (OTHER THAN FORMULA GRANTS) WILL AUTOMATICALLY BE EXCHANGED REGARDLESS OF WHETHER YOU CHECKED THE BOX FOR THOSE GRANTS.

DEADLINE FOR SUBMISSION: 12:00 midnight, Pacific Time, December 3, 2001.

CURRENT DATE/TIME: \_\_\_\_\_

THIS PROGRAM AND THE INFORMATION PROVIDED ON THIS WEBSITE ARE SUBJECT TO AND GOVERNED BY THE OFFER TO EXCHANGE OUTSTANDING OPTIONS TO PURCHASE COMMON STOCK FILED BY US WITH THE SECURITIES AND EXCHANGE COMMISSION, ALONG WITH OTHER MATERIALS. THOSE MATERIALS ARE AVAILABLE FREE OF CHARGE, EITHER FROM THE COMPANY OR AT THE SEC WEBSITE AT WWW.SEC.GOV. THESE MATERIALS ARE IMPORTANT AND YOU ARE

URGED TO READ THEM CAREFULLY.

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Signature  
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[LOGO]

You have chosen not to participate in the Stock Option Exchange Program. You must print this page, sign it and fax a copy to Anna Baca at (408) 579-2699.

Date issued	Number of outstanding shares	Price
-----	-----	-----

You can change your selection at any time before the deadline; simply return to the Stock Option Exchange Page.

DEADLINE FOR SUBMISSION: 12:00 midnight, Pacific Time, December 3, 2001.

CURRENT DATE/TIME: \_\_\_\_\_

THIS PROGRAM AND THE INFORMATION PROVIDED ON THIS WEBSITE ARE SUBJECT TO AND GOVERNED BY THE OFFER TO EXCHANGE OUTSTANDING OPTIONS TO PURCHASE COMMON STOCK FILED BY US WITH THE SECURITIES AND EXCHANGE COMMISSION, ALONG WITH OTHER MATERIALS. THOSE MATERIALS ARE AVAILABLE FREE OF CHARGE, EITHER FROM THE COMPANY OR AT THE SEC WEBSITE AT WWW.SEC.GOV. THESE MATERIALS ARE IMPORTANT AND YOU ARE

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URGED TO READ THEM CAREFULLY.

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Signature  
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1. What is the Stock Option Exchange Program?

Our Stock Option Exchange Program (the "Offer") is a voluntary program permitting eligible employees to cancel certain underwater stock options (the "Eligible Options") and exchange them for new options covering the same number of shares (the "New Options"). For accounting reasons, we cannot grant New Options for at least six months and one day after we cancel the Eligible Options, so the New Options will be granted June 5, 2002 or a later date if we extend the Offer, and will have an exercise price that will be determined on the grant date of these New Options (the "New Option Grant Date").

Your participation in this Offer is voluntary. You can either keep your current Eligible Options at their current exercise price with their existing vesting schedules or you can cancel Eligible Options in exchange for the same number of New Options. The New Options will have an adjusted vesting schedule as described in Item 13 below.

2. Why are we offering the Stock Option Exchange Program?

We are making this Offer to our employees because of the decline in the price of our common stock over the previous year. We recognize that the exercise prices of the majority of outstanding options to purchase our common stock are higher than the current market price of our common stock, which has reduced the potential value of these options to you. By making this Offer, we intend to provide our employees with the benefit of holding options that over time may have a greater potential to increase in value, and thereby create better incentives for our employees to remain with us and contribute to the success of Extreme.

3. What is an underwater stock option?

An "underwater" stock option is an option with an exercise price that is higher than the current common stock price as reported, in the case of our common stock, on Nasdaq.

4. What options may I exchange as part of the Offer?

We are offering to exchange all stock options with an exercise price of \$10.00 or more that are currently outstanding under the 1996 Amended Stock Option Plan ("1996 Plan"); the 2000 Nonstatutory Stock Option Plan ("2000 Plan"); and the 2001 Nonstatutory Stock Option Plan ("2001 Plan").

5. Are there conditions to the Offer?

The Offer is subject to conditions described in the Tender Offer documentation that we filed with the SEC, including the right of Extreme to cancel the Offer if there is a significant change in events that would make doing the Offer inadvisable. However, the Offer is not contingent upon a minimum number of employees accepting the Offer or a minimum number of Eligible Options being exchanged.

6. Are there any eligibility requirements I must satisfy in order to receive the New Options?

You must be an employee of Extreme (or its subsidiaries) through the end of the Offer period on December 3, 2001 (the "Expiration Date"), and you must remain continuously employed at Extreme through the New Option Grant Date. If you are not an employee on the Expiration Date, you will not be eligible to exchange any Eligible Options and any election you may have made will become invalid. In addition, if your employment with Extreme is terminated for any reason, including as a result of a reduction in force, you will fall in this category.

If your Eligible Options were cancelled under this Offer, but you do not remain an employee of Extreme through the New Option Grant Date, you will not be granted New Options and your cancelled options (including the vested portion) will not be reinstated.

7. How does the Offer work?

On or before the Expiration Date, you may decide to exchange any one or all of your Eligible Option grants for New Options, which will be granted on the New Option Grant Date. If you accept this Offer and tender an Eligible Option grant for exchange, your Eligible Option grant will be cancelled the first business day following the Expiration Date, or December 4, 2001 (the "Cancellation Date"). The New Options will be granted on a date that is at least six months and one day after the Cancellation Date, or June 5, 2002 (unless Extreme extends the Offer Period).

If you accept this Offer and tender an Eligible Option grant for exchange, then you must exchange all of those options that were granted within the period that is six months prior to the Cancellation Date. In other words, if you participate in the offer, you must exchange all those options that were granted since June 4, 2001.

Your New Option will represent the same number of shares as the total of each Eligible Option grant that you exchanged. The number of shares represented under New Option grants will be adjusted for any stock split, stock dividend, re-capitalization or similar transaction that may occur between the Expiration Date and the New Option Grant Date.

8. What if my Eligible Options are not currently vested? Can I exchange them?

Yes. Your Eligible Options do not need to be vested in order for you to participate in the Offer.

9. If I elect to exchange my Eligible Options, do I have to exchange all of my Eligible Option grants or can I just exchange some of them?

If you have more than one Eligible Option grant, then you may exchange any or all such Eligible Option grants, however, in all cases you must exchange all unexercised shares under a particular Eligible Option grant. In addition, if you exchange any of your Eligible Option grants, you must exchange all of your options granted six months before the Cancellation Date (on or after June 3, 2001).

10. Can I exchange the remaining portion of an Eligible Option grant that I have partially exercised?

Yes. However, only unexercised shares covered by an Eligible Option grant may be exchanged if you elect to exchange a partially exercised Eligible Option grant.

11. When will I receive my New Options?

You will receive your New Options on the New Option Grant Date, which will be June 5, 2002, or a later date if we extend the Offer.

12. Why won't I receive my New Options immediately after the Expiration Date of the Offer?

In order to avoid negative accounting consequences that can result from stock option exchanges, we cannot grant New Options for at least six months and one day after the Cancellation Date. The Cancellation Date will be December 4, 2001, or a later date if we extend the Offer, so New Options are scheduled to be granted June 5, 2002.

13. How will my New Options vest?

The New Options for all Eligible Options exchanged will have a vesting schedule that is based on the grant date of the Eligible Option exchanged, as follows:

- . If the Eligible Option exchanged for the New Option has a grant date in 1999, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 24 months.
- . If the Eligible Option exchanged for the New Option has a grant date between January 1, 2000 and June 30, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 28 months.
- . If the Eligible Option exchanged for the New Option has a grant date between July 1, 2000 and December 31, 2000, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 32 months.
- . If the Eligible Option exchanged for the New Option has a grant date in 2001, the New Option will be 25% vested as of the New Option Grant Date and the remaining 75% vests monthly over 36 months.

14. What is the exercise price for the New Options?

The exercise price of your New Options will be the fair market value of our common stock on the New Option Grant Date, which is expected to be June 5, 2002, or a later date if we extend the Offer, that will be the closing price of our common stock as reported on Nasdaq on that date. WE CANNOT GUARANTEE THAT THE NEW OPTIONS WILL HAVE A LOWER EXERCISE PRICE THAN THE ELIGIBLE OPTIONS YOU EXCHANGED.

15. How long is the option term of the New Options?

All New Options will have our standard option term of ten years from the New Option Grant Date.

16. If I exchange my Eligible Options, how many shares will I receive under my New Options?

This is a share-for-share Offer, so for each share covered by the Eligible Options you exchange, you will receive one share under the New Options. However, the number of shares covered by your New Options will be adjusted for any stock split, stock dividend, re-capitalization or similar transaction that may occur between the Expiration Date and the New Option Grant Date.

17. Will my participation affect my receipt of any other option?

Yes. If you participate in the Offer then you will not be able to receive any additional option grants during the period prior to the New Option Grant Date. If you receive a promotion prior to the New Option Grant Date and you elected to exchange any Eligible Options under this Offer, the promotional option will be deferred until the New Option Grant Date.

18. How long will this Offer remain open?

Presently, the Offer is scheduled to remain open until 12:00 midnight on the Expiration Date, which is expected to December 3, 2001, or a later date if we extend Offer. We have no plans to extend the Offer. However, if we do extend the Offer, you will be notified of the extension.

19. If the Offer is extended, how does the extension impact the date on which my New Options will be granted?

If we extend the Offer, the New Option Grant Date will be extended to a day that is at least six months and one day after the extended Cancellation Date.

20. Will my New Options be incentive stock options or nonstatutory stock options?

All New Options will be nonstatutory stock options.

21. Will I need to pay taxes if I exchange my options in the Offer?

- For US employees:

If you exchange any Eligible Options in the Offer, you will not be required under current U.S. law to recognize income for U.S. federal income tax purposes at the time of the exchange or upon our acceptance and cancellation of the options. In addition, the grant of the New Options is not a taxable event under current U.S. law, and you will not be required under current U.S. law to recognize income for U.S. federal income tax purposes at the time of grant.

- For non-US employees:

All option holders, including those subject to taxation in a country other than the US, whether by reason of nationality, residence or otherwise, should consult with their own personal tax advisors as to the tax consequences of their participation in the Offer. Tax consequences may vary depending on the tax law of each country and each individual participant's circumstances. See the Tender Offer documents filed with the SEC for more information.

22. What do I need to do to exchange my Eligible Options?

If you wish to tender your options for exchange, you must complete the online election form found on Extreme Networks' internal website created for this Offer (<https://exchange.extremenetworks.com>) before 12:00 midnight, Pacific Time, on December 3, 2001, unless the Offer is extended.

23. What is the deadline to elect to participate in the Offer?

You must submit your elections by 12:00 midnight, Pacific Time, on the Expiration Date, which is December 3, 2001, or a later date if we extend the Offer.

24. Can I change my election? How often?

Yes. You can change your election as many times as you like by revising and resubmitting your elections on Extreme Networks' internal website created for this Offer (<https://exchange.extremenetworks.com>) prior to the Expiration Date. However, the last election that you submit prior to the deadline will be permanent.

25. What will happen if I don't turn in my form by the deadline?

If you miss this deadline, you cannot participate in the Offer. THERE CAN BE NO EXCEPTIONS TO THIS DEADLINE.

26. What if I don't accept this Offer?

This Offer is completely voluntary. You do not have to participate, and there are no penalties for the electing not to participate in this Offer. If you elect not to participate in the Offer, none of your options will be exchanged or cancelled.

27. What do I do if I have additional questions about this Offer?

If you have questions about the Offer, you should contact Bill Barthell in the Legal Department by email ([bbarthell@extremenetworks.com](mailto:bbarthell@extremenetworks.com)) or telephone:

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408-579-2613.

28. What do I do if I have questions about my options?

If you have questions about your options, you should contact Anna Baca in Stock Administration by email ([abaca@extremenetworks.com](mailto:abaca@extremenetworks.com)) or telephone:

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408-579-2617.

# Stock Option Exchange

Employee Presentations  
October 31, 2001



## Exchange Program

- ◆ 1:1 Exchange of underwater "Eligible Options" for new options to be priced 6 months and one day from the date that the Eligible Options are cancelled
- ◆ New vesting schedule based on the grant date of each Eligible Option that employee exchanges:

<u>If grant date for Eligible Option is:</u>	<u>Vesting Schedule</u>
• In 1999	25% on grant date, 1/24 monthly
• January – June 2000	25% on grant date, 1/28 monthly
• July – December 2000	25% on grant date, 1/32 monthly
• In 2001	25% on grant date, 1/36 monthly

## Exchange Program

### ◆ Planned Dates

- 10/30 -11/30 Employee Response Period  
(offer period is 20 business days)
- 12/03/01 Cancellation Date for Eligible Options
- 6/04/02 End of 6 months +1 Day  
(the New Option Grant Date)

## Exchange Program

### ◆ "Eligible Options"

- All "outstanding" shares of an option grant with an exercise price of \$10 or more
- "Outstanding" means the portion of each grant that has not been exercised (including both vested and unvested shares)
- You may choose to participate for the outstanding shares of each eligible option grant. You cannot exchange part of a particular grant.

## Exchange Program

### ◆ Conditions of the Exchange Program

If you participate then the following conditions apply:

- You may exchange some or all Eligible Options
- Options must be exchanged on a per grant basis (e.g., you cannot exchange only a portion of the outstanding shares under a single option grant)
- No new options may be granted to you before the New Option Grant Date
- If you turn in an ISO, the new grant will be a NQSO

### ◆ Important note:

- If you choose to participate in the exchange program, you must exchange any Eligible Option granted since June 4, 2001

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## Tender Offer

◆ In order to offer employees the chance to exchange their underwater stock options the Company must follow a legal procedure called a “Tender Offer”

◆ The Company files certain documents with the SEC that explain the program and contain information about the Company and risks associated with the exchange

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## Tender Offer

- ◆ After the Tender Offer documents are filed, the Company emails the offer documents to employees.
- ◆ If you wish to tender your options for exchange, you must complete the online election form found on Extreme Networks' internal website created for this offer (<https://exchange.extremenetworks.com>) before 12:00 midnight, Pacific Time, on December 3, 2001, unless the offer is extended
- ◆ If an employee fails to respond by the December 3 deadline— for any reason – then the employee may not participate. There will be NO EXCEPTIONS.

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## Risks

- ◆ NO GUARANTEE that the exercise price on the New Option Grant Date will be less than or equal to the exercise price of any exchanged option
  - ◆ Vesting schedule for new options will be different from exchanged options and there may be instances where you lose some of your vesting
  - ◆ There may be adverse tax consequences associated with your exchange of options (international issue)
  - ◆ No guarantee of continued employment – before, during or after the New Option Grant Date. You must be an employee on the New Option Grant Date to receive New Options.
  - ◆ If the Company were to be acquired during the waiting period there can be no assurance that any acquiror would honor the terms of the Exchange Program
  - ◆ Participating in the Exchange Program is 100% voluntary and meeting the deadlines is solely the responsibility of the employee – there are no exceptions to missing a deadline – they are imposed by law and cannot be changed
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## Time Line and Next Steps

- ◆ Each employee logs into a protected area of the intranet, at <https://exchange.extremenetworks.com>, using his or her network password and login. The intranet site will include:
  - FAQs and the tender offer documents
  - A list of your eligible option grants, the grant date and the grant price.
- ◆ You will be able to make an election through the intranet site
- ◆ We will set up an electronic confirmation of your response
- ◆ Questions regarding the exchange program should be directed to Bill Barthell in Legal (579-2613, [bbarthell@extremenetworks.com](mailto:bbarthell@extremenetworks.com)). Questions regarding your stock grants (e.g., number of shares, grant price, etc.) should be directed to Anna Baca, our Stock Administrator (579-2617, [abaca@extremenetworks.com](mailto:abaca@extremenetworks.com)).

## Example

### ◆ Employee A

Option 1: 10/99	12,000	\$36	Hire
Option 2: 12/00	2,000	\$93	Performance
Option 3: 4/01	2,000	\$42	Performance

Eligible Options 16,000 shares

If Exchanged – new grants:

Option 1: 12,000 shares

Vesting Schedule:

25% on grant date (3,000 shares)

75% (9,000 shares) over 24 months (375 shares per month)

Option 2: 2000 shares

25% on grant date (500 shares)

75% (1500 shares) over 32 months (approx. 47 shares per month)

Option 3: 2000 shares

25% on grant date (500 shares)

75% (1500 shares) over 36 months (approx. 42 shares per month)

EXTREME NETWORKS, INC.

AMENDED 1996 STOCK OPTION PLAN

1. Establishment, Purpose and Term of Plan.  
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1.1 Establishment. The Extreme Networks 1996 Stock Option Plan (the "Plan") was established effective as of September 3, 1996. On January 22, 1999 (the "Amendment Date"), the Plan was amended and retitled the "Amended 1996 Stock Option Plan." The increase in the Plan share reserve shall be effective as of the Amendment Date. All other Plan amendments adopted by the Board on the Amendment Date shall be effective as of the date the Company first registers its Stock under Section 12 of the Exchange Act.

1.2 Purpose. The purpose of the Plan is to advance the interests of the Participating Company Group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group.

1.3 Term of Plan. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms of the Plan and the agreements evidencing Options granted under the Plan have lapsed. However, all Options shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the stockholders of the Company.

2. Definitions and Construction.  
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2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "Board" also means such Committee(s).

(b) "Code" means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(c) "Committee" means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

(d) "Company" means Extreme Networks, Inc., a Delaware corporation, or any successor corporation thereto.

(e) "Consultant" means any person, including an advisor, engaged by a Participating Company to render services other than as an Employee or a Director.

(f) "Director" means a member of the Board or of the board of directors of any other Participating Company.

(g) "Employee" means any person treated as an employee (including an officer or a Director who is also treated as an employee) in the records of a Participating Company; provided, however, that neither service as a Director nor payment of a director's fee shall be sufficient to constitute employment for purposes of the Plan.

(h) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(i) "Fair Market Value" means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) If, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock (or the mean of the closing bid and asked prices of a share of Stock if the Stock is so quoted instead) as quoted on the Nasdaq National Market, The Nasdaq SmallCap Market or such other national or regional securities exchange or market system constituting the primary market for the Stock, as reported in The Wall Street

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Journal or such other source as the Company deems reliable. If the relevant date

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does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, there is no public market for the Stock, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

(j) "Incentive Stock Option" means an Option intended to be (as set forth in the Option Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(k) "Insider" means an officer or a Director of the Company or any other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

(l) "Nonstatutory Stock Option" means an Option not intended to be (as set forth in the Option Agreement) or which does not qualify as an Incentive Stock Option.

(m) "Option" means a right to purchase Stock (subject to adjustment as provided in Section 4.2) pursuant to the terms and conditions of the Plan. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

(n) "Option Agreement" means a written agreement between the Company and an Optionee setting forth the terms, conditions and restrictions of the Option granted to the Optionee and any shares acquired upon the exercise thereof.

(o) "Optionee" means a person who has been granted one or more Options.

(p) "Parent Corporation" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

(q) "Participating Company" means the Company or any Parent Corporation or Subsidiary Corporation.

(r) "Participating Company Group" means, at any point in time, all corporations collectively which are then Participating Companies.

(s) "Rule 16b-3" means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(t) "Stock" means the common stock, without par value, of the Company, as adjusted from time to time in accordance with Section 4.2.

(u) "Subsidiary Corporation" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

(v) "Ten Percent Owner Optionee" means an Optionee who, at the time an Option is granted to the Optionee, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company within the meaning of Section 422(b)(6) of the Code.

2.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. Administration.

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3.1 Administration by the Board. The Plan shall be administered by the Board, including any duly appointed Committee of the Board. All questions of interpretation of the Plan or of any Option shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Option. Any officer of a Participating Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation, determination or election.

3.2 Administration with Respect to Insiders. With respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b-3. In addition, the Board may, but need not, administer the Plan (which includes, but is not limited to, establishing a committee of "Outside Directors") in accordance with the provisions of Section 162(m) of the Code and the regulations thereunder.

3.3 Powers of the Board. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its sole discretion:

(a) to determine the persons to whom, and the time or times at which, Options shall be granted and the number of shares of Stock to be subject to each Option;

(b) to designate Options as Incentive Stock Options or Nonstatutory Stock Options;

(c) to determine the Fair Market Value of shares of Stock or other property;

(d) to determine the terms, conditions and restrictions applicable to each Option (which need not be identical) and any shares acquired upon the exercise thereof, including, without limitation, (i) the exercise price of the Option, (ii) the method of payment for shares purchased upon the exercise of the Option, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Option or such shares, including by the withholding or delivery of shares of stock, (iv) the timing, terms and conditions of the exercisability of the Option or the vesting of any shares acquired upon the exercise thereof, (v) the time of the expiration of the Option, (vi) the effect of the Optionee's termination of employment or service with the Participating Company Group on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to the Option or such shares not inconsistent with the terms of the Plan;

(e) to approve one or more forms of Option Agreement;

(f) to amend, modify, extend, or renew, or grant a new Option in substitution for, any Option or to waive any restrictions or conditions applicable to any Option or any shares acquired upon the exercise thereof;

(g) to accelerate, continue, extend or defer the exercisability of any Option or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following an Optionee's termination of employment or service with the Participating Company Group;

(h) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions whose citizens may be granted Options; and

(i) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option Agreement and to make all other determinations and take such other actions with respect to the Plan or any Option as the Board may deem advisable to the extent consistent with the Plan and applicable law.

#### 4. Shares Subject to Plan.

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4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be 34,028,618 increased on the first trading day of December of each year beginning with December 2000 and through and including December 2004 by a number of shares equal to 4.9% of the number of shares of Stock issued and outstanding on the last trading day of the immediately preceding November (the "Share Reserve"). The Share Reserve shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. In addition, except as adjusted pursuant to Section 4.2, in no event shall more than 34,028,618 shares of Stock be cumulatively available for issuance pursuant to the exercise of Incentive Stock Options (the "ISO Share Issuance Limit"). If an outstanding Option for any reason expires or is terminated or canceled or shares of Stock acquired, subject to repurchase, upon the exercise of an Option are repurchased by the Company, the shares of Stock allocable to the unexercised portion of such Option, or such repurchased shares of Stock, shall again be available for issuance under the Plan.

4.2 Adjustments for Changes in Capital Structure. In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, appropriate adjustments shall be made in the number and class of shares subject to the Plan, the ISO Share Issuance Limit, the Section 162(m) Grant Limit described in Section 5.4 and to any outstanding Options and in the exercise price per share of any outstanding Options. If a majority of the shares which are of the same class as the shares that are subject to outstanding Options are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event, as defined in Section 8.1) shares of another corporation (the "New Shares"), the Board may unilaterally amend the

outstanding Options to provide that such Options are exercisable for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise price per share of, the outstanding Options shall be adjusted in a fair and equitable manner as determined by the Board, in its sole discretion. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded up or down to the nearest whole number, as determined by the Board, and in no event may the exercise price of any Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. The adjustments determined by the Board pursuant to this Section 4.2 shall be final, binding and conclusive.

5. Eligibility and Option Limitations.  
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5.1 Persons Eligible for Options. Options may be granted only to Employees, Consultants, and Directors. For purposes of the foregoing sentence, "Employees" shall include prospective Employees to whom Options are granted in connection with written offers of employment with the Participating Company Group, and "Consultants" shall include prospective Consultants to whom Options are granted in connection with written offers of engagement with the Participating Company Group. Eligible persons may be granted more than one (1) Option.

5.2 Option Grant Restrictions. Any person who is not an Employee on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option. An Incentive Stock Option granted to a prospective Employee upon the condition that such person become an Employee shall be deemed granted effective on the date such person commences service with a Participating Company, with an exercise price determined as of such date in accordance with Section 6.1.

5.3 Fair Market Value Limitation. To the extent that options designated as Incentive Stock Options (granted under all stock option plans of the Participating Company Group, including the Plan) become exercisable by an Optionee for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars (\$100,000), the portion of such options which exceeds such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section 5.3, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 5.3, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section 5.3, the Optionee may designate which portion of such Option the Optionee is exercising and may request that separate certificates representing each such portion be issued upon the exercise of the Option. In the absence of such designation, the Optionee shall be deemed to have exercised the Incentive Stock Option portion of the Option first.

5.4 Section 162(m) Grant Limit. Subject to adjustment as provided in Section 4.2, at any such time as a Participating Company is a "publicly held corporation" within the meaning of Section 162(m), no Employee shall be granted one or more Options within any fiscal year of the Company which in the aggregate are for the purchase of more than 5,000,000 shares of Stock (the "Section 162(m) Grant Limit"). An Option which is canceled in the same fiscal year of the Company in which it was granted shall continue to be counted against the Section 162(m) Grant Limit for such period.

6. Terms and Conditions of Options. Options shall be evidenced by Option

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Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. Option Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 Exercise Price. The exercise price for each Option shall be established in the sole discretion of the Board; provided, however, that (a) the exercise price per share for an Incentive Stock Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option, (b) the exercise price per share for a Nonstatutory Stock Option shall be not less than eighty-five percent (85%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option, and (c) the exercise price of an Incentive Stock Option granted to a Ten Percent Owner Optionee shall not be less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonstatutory Stock Option) may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code.

6.2 Exercise Period. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria, and restrictions as shall be determined by the Board and set forth in the Option Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, (b) no Incentive Stock Option granted to a Ten Percent Owner Optionee shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option, and (c) no Option granted to a prospective Employee or prospective Consultant may become exercisable prior to the date on which such person commences service with a Participating Company.

6.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company of shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the exercise price, (iii) by the assignment of the proceeds of a sale or

loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "Cashless Exercise"), (iv) by the Optionee's promissory note in a form approved by the Company, (v) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (vi) by any combination thereof. The Board may at any time or from time to time, by adoption of or by amendment to the standard form of Option Agreement described in Section 7, or by other means, grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) Tender of Stock. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company of shares of Stock to the extent such tender of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

(c) Cashless Exercise. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

(d) Payment by Promissory Note. No promissory note shall be permitted if the exercise of an Option using a promissory note would be a violation of any law. Any permitted promissory note shall be on such terms as the Board shall determine at the time the Option is granted. The Board shall have the authority to permit or require the Optionee to secure any promissory note used to exercise an Option with the shares of Stock acquired upon the exercise of the Option or with other collateral acceptable to the Company. Unless otherwise provided by the Board, if the Company at any time is subject to the regulations promulgated by the Board of Governors of the Federal Reserve System or any other governmental entity affecting the extension of credit in connection with the Company's securities, any promissory note shall comply with such applicable regulations, and the Optionee shall pay the unpaid principal and accrued interest, if any, to the extent necessary to comply with such applicable regulations.

6.4 Tax Withholding. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable upon the exercise of an Option, or to accept from the Optionee the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the federal, state, local and foreign taxes, if any, required by law to be withheld by the Participating Company Group with respect to such Option or the shares acquired upon the exercise thereof. Alternatively or in addition, in its sole discretion, the Company shall have the right to require the Optionee, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise, to make adequate provision for any such tax withholding obligations of the Participating Company

Group arising in connection with the Option or the shares acquired upon the exercise thereof. The Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to the Option Agreement until the Participating Company Group's tax withholding obligations have been satisfied by the Optionee.

6.5 Repurchase Rights. Shares issued under the Plan may be subject to a right of first refusal, one or more repurchase options, or other conditions and restrictions as determined by the Board in its sole discretion at the time the Option is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, each Optionee shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

7. Standard Forms of Option Agreement.  
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7.1 General. Unless otherwise provided by the Board at the time the Option is granted, an Option shall comply with and be subject to the terms and conditions set forth in the form of Option Agreement adopted by the Board concurrently with its adoption of the Plan and as amended from time to time.

7.2 Authority to Vary Terms. The Board shall have the authority from time to time to vary the terms of the standard form of Option Agreement described in this Section 7 either in connection with the grant or amendment of an individual Option or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Option Agreement shall be in accordance with the terms of the Plan.

8. Transfer of Control.  
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8.1 Definitions.

(a) An "Ownership Change Event" shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

(b) A "Transfer of Control" shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, the "Transaction") wherein the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the

outstanding voting stock of the Company or the corporation or corporations to which the assets of the Company were transferred (the "Transferee Corporation(s)"), as the case may be. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting stock of one or more corporations which, as a result of the Transaction, own the Company or the Transferee Corporation(s), as the case may be, either directly or through one or more subsidiary corporations. The Board shall have the right to determine whether multiple sales or exchanges of the voting stock of the Company or multiple Ownership Change Events are related, and its determination shall be final, binding and conclusive.

8.2 Effect of Transfer of Control on Options. In the event of a Transfer of Control, the surviving, continuing, successor, or purchasing corporation or parent corporation thereof, as the case may be (the "Acquiring Corporation"), may either assume the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options for the Acquiring Corporation's stock. The Board may, in its sole discretion, provide in any Option Agreement that in the event the Acquiring Corporation elects not to assume or substitute for outstanding Options in connection with a Transfer of Control (or regardless of whether the Acquiring Corporation so elects), any unexercisable or unvested portion of the outstanding Option shall be immediately exercisable and vested in full as of the date ten (10) days prior to the date of the Transfer of Control. The exercise or vesting of any Option that was permissible solely by reason of this Section 8.2 and the provisions of such Option Agreement shall be conditioned upon the consummation of the Transfer of Control. Any Options which are neither assumed or substituted for by the Acquiring Corporation in connection with the Transfer of Control nor exercised as of the date of the Transfer of Control shall terminate and cease to be outstanding effective as of the date of the Transfer of Control. Notwithstanding the foregoing, shares acquired upon exercise of an Option prior to the Transfer of Control and any consideration received pursuant to the Transfer of Control with respect to such shares shall continue to be subject to all applicable provisions of the Option Agreement evidencing such Option except as otherwise provided in such Option Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Options immediately prior to an Ownership Change Event described in Section 8.1(a)(i) constituting a Transfer of Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Options shall not terminate unless the Board otherwise provides in its sole discretion.

9. Nontransferability of Options. During the lifetime of the Optionee,  
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an Option shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. No Option shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution, except as provided in an Option Agreement.

10. Compliance with Securities Laws. The grant of Options and the  
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issuance of shares of Stock upon exercise of Options shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities. Options may not

be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Option may be exercised unless (a) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (b) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of any Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

11. Indemnification. In addition to such other rights of indemnification as

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they may have as members of the Board or officers or employees of the Participating Company Group, members of the Board and any officers or employees of the Participating Company Group to whom authority to act for the Board is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

12. Termination or Amendment of Plan. The Board may terminate or amend the

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Plan at any time. However, subject to changes in applicable law, regulations or rules that would permit otherwise, without the approval of the Company's stockholders, there shall be (a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Section 4.2), (b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the Plan that would require approval of the Company's stockholders under any applicable law, regulation or rule. In any event, no termination or amendment of the Plan may adversely affect any then outstanding Option or any unexercised portion thereof, without the consent of the Optionee, unless such termination or amendment is required to enable an Option designated as an Incentive Stock Option to qualify as an Incentive Stock Option or is necessary to comply with any applicable law, regulation or rule.

13. Stockholder Approval. The Plan or any increase in the maximum number of  
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shares of Stock issuable thereunder as provided in Section 4.1 (the "Maximum  
Shares") shall be approved by the stockholders of the Company within twelve (12)  
months of the date of adoption thereof by the Board. Options granted prior to  
stockholder approval of the Plan or in excess of the Maximum Shares previously  
approved by the stockholders shall become exercisable no earlier than the date  
of stockholder approval of the Plan or such increase in the Maximum Shares, as  
the case may be.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS  
COVERING SECURITIES THAT HAVE BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED.\*

Extreme Networks, Inc.  
Amended 1996 Stock Option Plan

This memorandum contains information regarding the Extreme Networks, Inc. Amended 1996 Stock Option Plan (the "Plan"), pursuant to which shares of Common Stock of Extreme Networks, Inc. (the "Shares"), in any combination of authorized but unissued Shares or reacquired Shares, may be offered to eligible persons providing services for Extreme Networks, Inc. (the "Company"), or any parent or subsidiary corporation of the Company or any subsidiary corporation of the parent corporation of the Company (individually, a "Participating Company" and collectively, the "Participating Company Group").

Upon written or oral request, the Company will provide without charge, to each person to whom a copy of this memorandum is delivered, a copy of the Company's Registration Statement by which the securities described in this memorandum are registered and copies of the documents that have been incorporated by reference in the Company's Registration Statement (not including exhibits to the documents that are incorporated by reference unless such exhibits are specifically incorporated by reference into the documents that the Registration Statement incorporates). Upon written or oral request, the Company will also provide without charge, to each person to whom a copy of this memorandum is delivered, an additional copy of this memorandum, a copy of the Company's annual report to stockholders for its latest fiscal year, and a copy of all reports, proxy statements and other communications distributed to its stockholders for its latest fiscal year and a copy of all reports, proxy statements and other communications distributed to its stockholders generally. Such requests should be directed to the Chief Financial Officer, Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, California 95051, (408) 579-2800. Alternatively, on the Securities and Exchange Commission's web site at <http://www.sec.gov> you will find the Registration Statement, reports, proxy statements and other information regarding the Company that was filed electronically.

Except for the person set forth in the foregoing paragraph, no person has been authorized to give any information or make any representations, other than those contained in this prospectus, in connection with the Plan, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. This prospectus does not constitute an offering in any state in which such offering may not lawfully be made.

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\* Q&As 4, 22, and 35 OF THIS DOCUMENT DO NOT CONSTITUTE A PART OF A

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PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

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The date of this prospectus is October 22, 2001.  
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## TABLE OF CONTENTS

INTRODUCTION .....	1
ELIGIBILITY & PARTICIPATION .....	3
OPTION GRANTS .....	3
VESTING .....	4
OPTION EXERCISE .....	4
EMPLOYMENT STATUS .....	6
TERMINATING SERVICE WITH THE COMPANY .....	6
STOCKHOLDER RIGHTS .....	7
TRANSFER OF CONTROL OF THE COMPANY .....	8
STOCK SALES .....	9
TAX IMPLICATIONS OF INCENTIVE STOCK OPTIONS .....	9
TAX IMPLICATIONS OF NONSTATUTORY STOCK OPTIONS .....	11
FEDERAL SECURITIES LAWS AFFECTING PARTICIPANTS .....	13
PLAN ADMINISTRATION .....	14
AMENDMENT OR TERMINATION OF THE PLAN .....	15
OTHER INFORMATION .....	15

## Questions & Answers About

### The Extreme Networks, Inc. Amended 1996 Stock Option Plan

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The purpose of this prospectus is to provide you with a summary of the terms of the Extreme Networks, Inc. Amended 1996 Stock Option Plan. Should any inconsistency exist between the following description and the actual terms of the Plan or your Stock Option Agreement, the terms of the Plan and your Stock Option Agreement control.

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#### Introduction

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1. What is the purpose of the Plan?

The Company adopted the Plan to promote the interests of the Company by providing eligible persons with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest in the Company, as an incentive for them to remain in service with the Company. Under the Plan, the Company may grant stock options to purchase the Company's Shares at a specified price to any such employees, consultants, and directors as may be selected by the Board of Directors of the Company (the "Board").

2. What is a stock option?

A stock option gives the option holder the right to purchase a specified number of Shares within a specified time period at a price determined at the time the option is granted. The exact number and the price of Shares you are entitled to purchase under the option granted to you is set forth in your Notice of Grant of Stock Options (the "Notice") and Stock Option Agreement (the "Option Agreement").

3. Are there different kinds of stock options?

Yes. The Plan authorizes both incentive stock options ("ISOs"), which must meet certain requirements under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and nonstatutory stock options ("NSOs"), which do not have to meet those requirements. Your Notice will indicate whether your option is intended to be an ISO or an NSO. Please be aware, however, that due to Internal Revenue Code limitations imposed on ISOs, an option initially intended to be an ISO may not in fact qualify, and may instead be an NSO in full or in part. In particular, if the aggregate exercise price of all your ISOs exceeds \$100,000, the portion of such options which exceed such amount will be treated as NSO and not ISO. An NSO is a type of option that does not provide the special tax treatment accorded to ISOs. See Q&A 36 through 51 regarding the major federal income tax consequences of ISOs and NSOs.

4. What are the benefits of receiving a stock option?

If the value of the Company increases, then the value of the Company's stock and the value of your option will increase proportionately. Since your option gives you the right to purchase Shares of the Company at a fixed price during the period specified in your Notice, you may ultimately profit from any increase in the value of the Shares. If you choose to exercise your option, then, as a stockholder, you will become a part owner of the Company and will have the right to receive any dividends paid on your stock and all communications sent to the Company's common stockholders, attend all stockholder meetings and vote upon all matters presented to the stockholders at such meetings. However, once you purchase Shares, you also bear the risk of price declines.

5. What is the total number of Shares that may be issued under the Plan?

A total of 34,028,618 Shares of the Company are reserved for issuance under the Plan. This number of Shares will be cumulatively increased (the "Annual Increase") on the December 1, 2000, and each December 1 thereafter until and including December 1, 2004, by a number of Shares equal to 4.9% of the number of Shares issued and outstanding on the immediately preceding November 30. The Shares may be authorized but unissued Shares or reacquired Shares.

6. What happens if there is a change in the Company's capital structure?

If there is a change in the Company's capital structure, the Company will make appropriate adjustments to the number and class of Shares subject to the Plan and your outstanding options, and to the purchase price under your outstanding options. These adjustments will prevent any dilution or enlargement of the rights and benefits of Plan participants that would otherwise occur as a result of a change in the Company's capital structure. However, in no event may the exercise price of any option be less than the par value, if any, of the Shares subject to the option.

A "change in the Company's capital structure" includes: a stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification, or similar change affecting the Company's Shares.

7. Is the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974?

No. The Plan is not subject to the Employee Retirement Income Security Act of 1974.

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ELIGIBILITY & PARTICIPATION

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8. Am I eligible to receive options under the Plan?

You are eligible to receive options under the Plan if you are a current or prospective (pursuant to a written offer of employment) employee, consultant or director of the Participating Company Group. If you are not an employee on the effective date of the grant of your option, you may be granted only NSOs.

9. Do I need to enroll in the Plan?

No. You do not need to enroll in the Plan in order to receive stock options under the Plan. The decision to grant or not to grant options to any otherwise eligible person is solely within the discretion of the Board or a committee of the Board.

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OPTION GRANTS

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10. What is the Date of Option Grant?

The "Date of Option Grant" is the day that the Company grants you an option to purchase Shares unless the Board specifies a later effective date. Your Date of Option Grant is stated in your Notice.

11. How many Shares does my option cover?

The number of Shares covered by your option is determined by the Board at its discretion. If you are granted an option, the number of Shares subject to your option is stated in your Notice. However, no person is eligible to receive an option which is exercisable for more than that number of Shares equal to 5% of the outstanding Shares on the closing date of the Company's initial public offering of common stock.

12. What is the Option Expiration Date?

The "Option Expiration Date" is the last day on which you may exercise your option as specified in your Notice. Unless otherwise terminated, the Option Expiration Date for all options is the date ten (10) years after your Date of Option Grant. Notwithstanding the foregoing, if your option is an ISO and you are a 10% stockholder, the Option Expiration Date is the date five (5) years after your Date of Option Grant.

13. Must I sign a Stock Option Agreement?

Yes. No option is valid or a binding obligation of the Company unless evidenced by a fully executed Notice.

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VESTING

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14. What are the vesting provisions of my option?

Your Notice states the rate at which your option vests and becomes exercisable.

15. Does my termination from service affect the vesting of my option?

Yes. Upon your termination of service, your vesting will stop and the vested percentage of your option will depend on your length of service at the date of your termination.

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OPTION EXERCISE

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16. What is my option exercise date or purchase date?

The exercise date is the day that you exercise your option to purchase the Company's common stock.

17. When may I exercise my option?

You may exercise your option on or after the date stated in your Notice and prior to the Option Expiration Date. If you were granted an option as a prospective employee or prospective consultant, you may not in any event exercise your option prior to the date on which your service commences.

18. How many Shares may I purchase?

When you exercise your option, you may purchase up to the number of Vested Shares, as defined in your Option Agreement, less the number of Shares you previously acquired by exercising your option. See Q&A 12 & 14 for a discussion of the Option Expiration Date and vesting.

19. How do I exercise my option?

To exercise your option you must give written notice to the Company and pay the exercise price for the Shares you are purchasing. The notice must state your election to

exercise the option, the number of whole Shares of the Company stock you are purchasing and any other information required by your Option Agreement. You must sign the written notice and deliver it in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Chief Financial Officer of the Company or other authorized representative of the Participating Company Group. You must deliver the written notice and your exercise price payment prior to the termination of the option. You must also make appropriate arrangements with the Company for the satisfaction of all federal, state, local and foreign income and employment tax withholding requirements applicable to the option exercise. See Q&A 21 for authorized forms of payment and Q&A 48 for a discussion of withholding.

20. What is the exercise price of my option?

The exercise price of your option is stated in your Notice. This price was established when your option was granted. Under the terms of the Plan, if your option is an ISO, the price had to be set at no less than the fair market value of a Share on the Date of Option Grant, and if your option is an NSO, the price had to be set at no less than 85% of the fair market value of a Share on the Date of Option Grant. However, if you are a 10% stockholder and your option is an ISO, the price had to be set at no less than 110% of the fair market value of a Share on the Date of Option Grant.

The "fair market value" for this purpose is generally the closing sale price of a share on the applicable date as quoted on the Nasdaq National Market.

21. How do I pay for the stock when I exercise my option?

Generally, you may pay the exercise price using any combination of the following methods, unless otherwise provided in your Option Agreement:

1. Cash or check.
2. By tender to the Company, or attestation to the ownership, of shares of the Company common stock you own which have a fair market value not less than the exercise price. This method of payment may not be used unless you either have owned the tendered shares for more than 6 months or did not acquire the shares directly or indirectly from the Company.
3. A "cashless exercise." A "cashless exercise" means the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the Shares being acquired upon the exercise of the option. A form of cashless exercise is often referred to as "same-day sale."
4. By a promissory note in a form approved by the Company.

The Board may at any time or from time to time grant options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

22. Will I receive stock certificates for the Shares that I purchase?

Except in the case where you pay the exercise price by means of a cashless exercise, you will receive a certificate for the Shares you have purchased that will be registered in your name, or, if applicable, in the names of your heirs.

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EMPLOYMENT STATUS
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23. If I receive an option under the Plan will it affect the terms of my employment?

No. Unless you have a written employment contract with the Company providing otherwise, your employment is "at-will." This means that either you or your employer has the right to end your employment relationship at any time, for any reason, with or without cause. If you receive an option under the Plan, it will not affect your "at-will" relationship with the Company.

24. What happens if I take a leave of absence?

Generally, if you take an approved leave of absence, including military leave or sick leave, of 90 days or less, your service for Plan purposes will continue. However, if your leave of absence exceeds 90 days, your service will be deemed to terminate on the 91st day of such leave, unless your right to return to employment with the Company is guaranteed by law or by contract. Unless otherwise stated by the Company or required by law, your leave of absence will not be treated as service for purposes of vesting. See Q&A 14 for a discussion of vesting.

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TERMINATING SERVICE WITH THE COMPANY
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25. What service counts for purposes of the Plan?

"Service" for Plan purposes means your employment or service as an employee, a consultant, or a director of the Participating Company Group. Your service shall not be deemed to terminate merely because of a change in the capacity in which you render service to the Participating Company Group or a change in the Participating Company for which you render such service, provided that there is no interruption or termination of your service. Your service shall be deemed terminated either upon an actual termination of service or upon the corporation for which you perform service ceasing to be a Participating Company.

26. What happens to my option if my service terminates?

With certain exceptions described below, if your service terminates and your option was granted prior to April 17, 2001, you will generally have 30 days from the date of your termination of service (but in no event later than the Option Expiration Date) to exercise the vested portion of your option. However, if your option is granted after April 17, 2001, you will generally have 90 days from the date of your termination of service (but in no event later than the Option Expiration Date) to exercise the vested portion of your option.

If your service terminates due to your disability or death, you (or your estate) will generally have 12 months following termination (but in no event later than the Option Expiration Date) to exercise the vested portion of your option. However, the effect of your termination of service is specified in your Option Agreement and to the extent the provisions of the Option Agreement differ from the terms described above, the terms of your Option Agreement will control.

If the exercise of your option within the applicable time periods set forth above is prevented by securities law, your option will remain exercisable until one month after the date you are notified by the Company that the Option is exercisable (but in no event later than the Option Expiration Date).

If a sale within the applicable time periods set forth above of shares acquired by the exercise of your option will subject you to a suit under Section 16(b) of the Exchange Act, your exercise period may be extended until the earliest of (i) the 10th day following the date on which a sale of such shares would no longer be subject to suit, (ii) the 190th day after your termination of service, or (iii) the Option Expiration Date.

27. What happens to my Shares if my service with the Company terminates?

You are entitled to retain ownership of any Vested Shares you have purchased until such time as you decide to sell them. Generally, your option will terminate and you will forfeit any Shares that have not vested as of the date of your termination of service.

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STOCKHOLDER RIGHTS

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28. Do I become a stockholder when I receive an option?

No. You have no rights as a Company stockholder merely by virtue of being an option holder.

29. When do I have rights as a stockholder?

You have rights as a Company stockholder on the date you are issued the shares for which your option has been exercised, as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company.

30. What information do I receive as an option holder?

You will be given access to information concerning the Company equivalent to the information generally made available to the Company's common stockholders.

31. Can I assign or transfer my options?

Generally no. During your lifetime, your options can only be exercised by you, your guardian or legal representative. You cannot transfer or assign any option, except by will or by the laws of descent and distribution.

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TRANSFER OF CONTROL OF THE COMPANY  
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32. What is a "transfer of control"?

A "transfer of control" of the Company includes any of the following events in which the stockholders of the Company immediately before such event do not retain direct or indirect beneficial ownership of at least a majority of the beneficial interest in the voting stock of the Company or its successor:

- (1) a direct or indirect sale or exchange by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company;
- (2) a merger or consolidation in which the Company is a party;
- (3) the sale, exchange or transfer of all or substantially all of the assets of the Company; or
- (4) liquidation or dissolution of the Company.

33. What happens to my option if there is a transfer of control in the term of the Plan?

If a transfer of control occurs, the surviving, continuing, successor, or purchasing corporation or parent corporation of any of these may either assume the Company's rights and obligations under outstanding options or substitute for outstanding options substantially equivalent options for the acquiring corporation's stock.

However, if the acquiring corporation does not assume or substitute for the outstanding options, the Board may, in its sole discretion, provide in any Option Agreement that any

unexercisable or unvested portions of the outstanding options will be immediately exercisable and vested in full as of the date 10 days prior to the date of the transfer of control. Any option or portion thereof which is neither assumed or substituted for by the acquiring corporation nor exercised as of the date of the change in control will terminate and cease to be outstanding effective as of the date of the change in control.

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STOCK SALES

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34. When may I sell the Shares that I receive by exercising my option?

Generally, you may sell the Shares that you receive at any time after the Shares have been issued in your name. Before you sell any of your Shares, you should discuss the tax implications of the sale with a tax advisor. See Q&A 36-51 below, Tax Implications of Incentive Stock Options and Tax Implications of Nonstatutory Stock Options. See also Q&A 52-54 below, Federal Securities Laws Affecting Participants.

35. Do I pay brokerage commissions on the purchase of Shares under the Plan or when I subsequently sell such Shares?

You will not pay any brokerage commissions when you exercise your option and purchase shares. However, you will be responsible for paying any brokerage commissions you incur on your subsequent sale of such shares.

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TAX IMPLICATIONS OF INCENTIVE STOCK OPTIONS

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The tax consequences arising in connection with options are complex and subject to change. The following summary is only a general guide to the current U.S. federal income tax consequences of ISOs granted under the Plan and does not describe all such possible tax consequences or consequences associated with NSOs. In addition, your particular situation may be such that some variation of the general rules is applicable. For example, the following summary does not describe the tax consequences of certain transactions, such as if Shares are used to exercise an option, if Shares acquired by exercise of an option are sold to certain related parties, or if you acquire substantially identical Shares within the 30-day period before or after your sale of Shares acquired upon exercise of an option. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS PRIOR TO THE EXERCISE OF ANY OPTION AND PRIOR TO THE DISPOSITION OF ANY SHARES ACQUIRED UNDER THE PLAN.

36. Is the grant to me of an ISO a taxable event?

No. You do not recognize taxable income merely because you are granted an ISO under the Plan.

37. Is my exercise of an ISO a taxable event?

No. You do not recognize taxable income for regular tax purposes as a

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result of your exercise of an ISO. However, when you exercise an ISO, the excess of the fair market value of the Shares on the date of the exercise over the exercise price of the ISO, often referred to as the "spread," is treated as income for purposes of computing your alternative minimum tax

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unless you dispose of the Shares in the same calendar year as your exercise.

EXAMPLE: Adams has an ISO for 1,000 Shares of stock with an exercise price of \$7 per share. If Adams exercises the option for all 1,000 Shares on a day when they are fully vested and the fair market value of the stock is \$10 per share, then the spread of \$3 per share (\$10 - \$7), or \$3,000, is an item of alternative minimum taxable income.

The Code requires taxpayers to compute the tax due under the alternative minimum tax and to pay that amount with their Form 1040 return if it is greater than the amount due under the regular method of determining income taxes. (If you are required to pay such additional taxes, you may be entitled to claim certain tax credits against your regular tax obligations in years following the year of exercise.) You may need to pay quarterly estimated tax or increase your income tax withholding from wages to avoid penalties for underpayment of estimated tax. If you are considering exercising ISOs, you should consult your personal tax advisor before

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exercising your options to determine the alternative minimum tax

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consequences based on your particular situation.

38. Is my subsequent sale of Shares acquired pursuant to an ISO under the Plan a taxable event?

Yes. When you sell or otherwise dispose of your shares, your federal income tax consequences will depend on how long you have held the stock. If you do not dispose of the stock prior to the later of two years after the date of option grant and one year after the date on which you exercised the option (the "ISO Holding Period"), you will recognize a capital gain (or loss) equal to the amount by which the sale proceeds exceed (or are less than) your adjusted basis in the Shares. For regular tax purposes the adjusted basis is generally the exercise price. For alternative minimum tax purposes the adjusted basis is generally the exercise price plus any spread treated as an item of income for alternative minimum tax purposes. The capital gain will be long term capital gain.

However, if you sell or otherwise dispose of your Shares prior to the end of the ISO Holding Period, then you will generally recognize ordinary income in the year of disposition equal to the lesser of: (1) the difference between the fair market value of the Shares on the date of option exercise and the exercise price you paid, or (2) the actual

gain you realized on the disposition (sale proceeds minus the exercise price you paid) and any additional gain or loss will be long-term or short-term capital gain or loss depending upon the length of time you have held the Shares.

39. What are long-term and short-term capital gains?

A capital gain or loss will be long-term if you hold the Shares for more than 1 year after your purchase date and short-term if you hold the Shares for 1 year or less after your purchase date. Currently, long-term capital gains are subject to a maximum federal income tax rate of 20%.

40. Will any amounts be withheld from my paycheck to cover my tax liability?

No.

41. Will I owe any other taxes?

The above discussion is only a summary of certain aspects of the highly complex U.S. federal income tax rules applicable to ISOs and does not deal with other taxes which may affect you, such as state and local income taxes, federal and state estate, gift and inheritance taxes and taxes of countries other than the United States of America. You should obtain and rely on the advice of your own tax advisor with respect to such matters.

42. Who can I talk to about my specific tax situation?

Since the tax implications of stock options can be complex and can vary by individual, we suggest that you contact your tax advisor with questions specific to your situation.

43. Does the Company receive a tax deduction?

The Company is generally entitled to a tax deduction equal to the ordinary income that you recognize under the rules discussed above, except to the extent such deduction is limited by applicable provisions of the Internal Revenue Code or the regulations thereunder.

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#### TAX IMPLICATIONS OF NONSTATUTORY STOCK OPTIONS

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The tax consequences arising in connection with options are complex and subject to change. The following summary is only a general guide to the current U.S. federal income tax consequences of NSOs granted under the Plan and does not describe all such possible tax consequences or consequences associated with ISOs. In addition, your particular situation may be such that some variation of the general rules is applicable. For example, the following summary does not describe the tax consequences of certain transactions, such as if Shares are

used to exercise an option, if Shares acquired by exercise of an option are sold to certain related parties, or if you acquire substantially identical Shares within the 30-day period before or after your sale of Shares acquired upon exercise of an option. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS PRIOR TO THE EXERCISE OF ANY OPTION AND PRIOR TO THE DISPOSITION OF ANY SHARES ACQUIRED UNDER THE PLAN.

44. Is the grant to me of an NSO a taxable event?

No. You do not receive taxable income merely because you are granted an NSO under the Plan.

45. Is my exercise of an NSO a taxable event?

Yes. You will recognize taxable income as a result of your exercise of an NSO. Generally, the amount of that income is determined on your exercise date. At that time, you will recognize ordinary income equal to the excess of the fair market value of the Shares on the exercise date over the purchase price you pay for the Shares. If you are an employee or former employee, that ordinary income is treated as wages subject to income and employment tax withholding.

46. Is my subsequent sale of Shares acquired pursuant to an NSO under the Plan a taxable event?

Yes. Your sale of any Shares that you acquire pursuant to an NSO under the Plan is a taxable event. At that time, you will recognize capital gain or loss equal to any additional gain or loss recognized in the disposition. That gain or loss is determined by the difference between the amount you realize on the sale of the Shares and the fair market value of those Shares on the option exercise date. The tax consequences of disposing of the Shares will vary depending on how long you have held the Shares.

47. What are long-term and short-term capital gains?

A capital gain or loss will be long-term if you hold the Shares for more than 1 year after your purchase date and short-term if you hold the Shares for 1 year or less after your purchase date. Currently, long-term capital gains are subject to a maximum federal income tax rate of 20%.

48. Will any amounts be withheld from my paycheck to cover my tax liability?

If you are an employee or former employee, when you purchase Shares by exercising your NSO, you must make adequate provision for any federal, state, local or foreign tax withholding obligations. Generally, you will be required to pay directly to the Company or your employer the full amount of your tax withholding obligation at the time you exercise your NSO. If you exercise your NSO in a cashless exercise (same-day sale), you will be required to assign to the Company a portion of your share sale proceeds sufficient to pay your withholding tax. The Company may, but is not required to, withhold from your compensation the amount necessary to meet its tax withholding obligations. If you request, the Company may, but is not obligated to, withhold from the vested Shares

otherwise issuable to you on exercise of your option a number of whole Shares having a fair market value on the exercise date not in excess of the minimum amount of tax required to be withheld by law. The Company will not be liable to you for any adverse tax consequences you suffer in connection with this share withholding procedure. The Company has no obligation to deliver Shares of stock until you have satisfied the withholding obligation.

49. Will I owe any other taxes?

The above discussion is only a summary of certain aspects of the highly complex U.S. federal income tax rules applicable to NSOs and does not deal with other taxes which may affect you, such as state and local income taxes, federal and state estate, gift and inheritance taxes and taxes of countries other than the United States of America. You should obtain and rely on the advice of your own tax advisor with respect to such matters.

50. Who can I talk to about my specific tax situation?

Since the tax implications of stock options can be complex and can vary by individual, we suggest that you contact your tax advisor with questions specific to your situation.

51. Does the Company receive a tax deduction?

The Company is generally entitled to a tax deduction equal to the ordinary income that you recognize under the rules discussed above, except to the extent such deduction is limited by applicable provisions of the Code or the regulations thereunder.

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FEDERAL SECURITIES LAWS AFFECTING PARTICIPANTS

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52. What is Section 16(b)?

Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), permits the recovery by the Company of any profit realized by an "Insider" from each purchase and subsequent sale, or sale and subsequent purchase, of Shares within any period of less than six months. An "Insider" for this purpose is any officer or director of the Company or person who is directly or indirectly the beneficial owner of more than 10% of any class of equity security of the Company that is registered under Section 12 of the Exchange Act. If you are an Insider, you should consult with the Company's general counsel or your own legal advisor prior to the disposition of any Shares in order to ascertain the precise application to your particular situation of your reporting obligations and liability under Section 16(b).

53. What is Rule 10b-5?

Rule 10b-5 under the Exchange Act prohibits you from engaging in fraudulent practices in connection with the purchase or sale of securities. This rule generally prohibits you from buying or selling the Company's securities using material information about the Company which has not yet been released to the public. Before buying or selling any Shares and, in particular, before selling Shares acquired under the Plan, you should consult with the Company's general counsel regarding the applicability of any the Company "trading window" policies prohibiting trading in the Company's stock during specified periods of the year when material inside information is likely to be held prior to its release to the public.

54. What is Rule 144?

"Affiliates" of the Company are generally obligated to resell Shares in compliance with Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"). Participants in the Plan with the power to manage and direct the policies of the Company, relatives of such participants, and trusts, estates, corporations, or other organizations controlled by such participants may be deemed to be "Affiliates" of the Company.

Rule 144 requires that sales by Affiliates be effected in "broker transactions" (as defined in Rule 144), and limits the number of Shares that may be sold in any 3-month period to no more than the greater of 1% of the outstanding Shares or the average weekly reported volume of trading in Shares during the 4 calendar weeks preceding the filing of the required notice of the proposed sale. Since the Shares have been registered under the Securities Act, Affiliates selling Shares in compliance with Rule 144 are not subject to the holding period requirements of Rule 144.

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PLAN ADMINISTRATION

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55. Who administers the Plan?

The Plan is administered by the Board and/or by a duly appointed committee having such powers as specified by the Board. All questions of interpretation of the Plan or of any option are determined by the Board, whose decisions are final and binding upon all persons having an interest in the Plan.

The Board may establish a committee of "outside directors" within the meaning of Section 162(m) of the Code to approve any option grant which might reasonably be anticipated to result in the payment of employee remuneration that would otherwise exceed the limit on employee remuneration deductible for income tax purposes pursuant to Section 162(m).

56. Who is on the Board?

The Board consists of five directors. The members of the Board hold office until the expiration of the term for which elected and until their successors are elected and qualified or until their earlier death, resignation or removal from office.

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AMENDMENT OR TERMINATION OF THE PLAN

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57. Can the Plan be amended or terminated?

Yes. The Board may terminate or amend the Plan at any time. However, without stockholder approval, the Board may not (1) increase the number of shares issuable under the Plan (except in the event of capital changes described above), (2) change the class of persons eligible to receive ISOs, or (3) adopt an amendment to the Plan which would require stockholder approval under any applicable law, regulation or rule.

In addition, no termination or amendment of the Plan may adversely affect an option previously granted to you without your consent, unless such termination or amendment is required to enable an option designated as an ISO to qualify as an ISO or is necessary to comply with any applicable law, regulation or rule.

58. How long can the Plan remain in effect?

The Plan will remain in effect until either all Shares available for issuance under the Plan have been issued or the Board terminates the Plan, whichever is earlier; provided that all options must be granted before September 3, 2006.

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OTHER INFORMATION

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59. Where can I get additional information?

You can get additional information about the Plan from the Company at Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, California 95051, (408) 579-1000.

60. Can anyone at the Company provide me with tax advice?

No. Since the tax implications of your stock options can be complex and can vary by individual, you should contact your individual tax advisor with questions specific to your situation.

61. What documents are incorporated by reference in this prospectus?

The following documents and information previously filed by the Company with the Securities and Exchange Commission are incorporated by reference in this prospectus:

- . The Company's latest annual report on Form 10-K filed pursuant to Sections 13(a) or 15(d) of the Exchange Act, containing audited financial statements for the Company's latest fiscal year;
- . All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the registrant document referred to above;
- . All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this prospectus and prior to the filing of a post-effective amendment; and
- . The description of the Company's common stock contained in its Registration Statement on Form 8-A filed under the Exchange Act, including any amendment or report filed for the purpose of updating such description.

EXTREME NETWORKS, INC.  
STOCK OPTION AGREEMENT  
AMENDED 1996 STOCK OPTION PLAN

Extreme Networks, Inc. has granted to the individual (the "Optionee") named in the Notice of Grant of Stock Options (the "Notice") to which this Stock Option Agreement (the "Option Agreement") is attached an option (the "Option") to purchase certain shares of Stock upon the terms and conditions set forth in the Notice and this Option Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Extreme Networks, Inc. Amended 1996 Stock Option Plan (the "Plan"), as amended to the Date of Option Grant, the provisions of which are incorporated herein by reference. By signing the Notice, the Optionee: (a) represents that the Optionee has read and is familiar with the terms and conditions of the Notice, the Plan and this Option Agreement, (b) accepts the Option subject to all of the terms and conditions of the Notice, the Plan and this Option Agreement, (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Notice, the Plan or this Option Agreement, and (d) acknowledges receipt of a copy of the Notice, the Plan and this Option Agreement.

1. Definitions and Construction.  
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1.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Date of Option Grant" means the effective date of grant of the Option as set forth in the Notice.

(b) "Disability" means the permanent and total disability of the Optionee within the meaning of Section 22(e)(3) of the Code.

(c) "Exercise Price" means the purchase price per share of Stock as set forth in the Notice.

(d) "Number of Option Shares" means the total number of shares of Stock subject to the Option as set forth in the Notice.

(e) "Option Expiration Date" means the date ten (10) years after the Date of Option Grant.

(f) "Securities Act" means the Securities Act of 1933, as amended.

(g) "Service" means the Optionee's employment or service with the Participating Company Group, whether in the capacity of an Employee or a Consultant. The Optionee's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionee renders Service to the Participating Company Group or a change in the Participating Company for which the Optionee renders such Service, provided that there is no interruption or termination of the Optionee's Service. Furthermore, the Optionee's Service

with the Participating Company Group shall not be deemed to have terminated if the Optionee takes any military leave, sick leave, or other bona fide leave of absence approved by the Company; provided, however, that if any such leave exceeds ninety (90) days, on the ninety-first (91st) day of such leave the Optionee's Service shall be deemed to have terminated unless the Optionee's right to return to Service with the Participating Company Group is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, a leave of absence shall not be treated as Service for purposes of determining vesting under the Option Agreement. The Optionee's Service shall be deemed to have terminated either upon an actual termination of Service or upon the corporation for which the Optionee performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its sole discretion, shall determine whether the Optionee's Service has terminated and the effective date of such termination.

(h) "Vested Shares" means, on any relevant date, that portion of the Number of Option Shares which has vested in accordance with vesting schedule set forth in the Notice. Provided that the Optionee's Service has not terminated prior to the relevant date, an initial installment of shares will become Vested Shares on the initial "Full Vest" date set forth in the Notice, and thereafter the remaining shares will become Vested Shares in substantially equal installments at the periodic rate set forth in the Notice, with the last such installment vesting on the last "Full Vest" date set forth in the Notice.

1.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Option Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

## 2. Tax Consequences.

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2.1 Tax Status of Option. As indicated in the Notice, this Option is intended to be either an Incentive Stock Option ("ISO") within the meaning of Section 422(b) of the Code or a nonstatutory stock option, which is not intended to qualify as an ISO. The Optionee should consult with the Optionee's own tax advisor regarding the tax effects of this Option (and any requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements).

2.2 ISO Fair Market Value Limitation. If this Option is designated  
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an ISO in the Notice, to the extent that the Option (together with all Incentive

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Stock Options granted to the Optionee under all stock option plans of the Participating Company Group, including the Plan) becomes exercisable for the first time during any calendar year for shares having a Fair Market Value greater than One Hundred Thousand Dollars (\$100,000), the portion of such options which exceeds such amount will be treated as Nonstatutory Stock Options. For purposes of this Section 2.2, options designated as Incentive Stock Options are taken into account in the order in which they were granted, and the Fair Market Value of stock is determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 2.2, such different limitation shall be deemed incorporated herein effective as of the date required or permitted by such amendment to

the Code. If the Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section 2.2, the Optionee may designate which portion of such Option the Optionee is exercising. In the absence of such designation, the Optionee shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option. (NOTE: If the aggregate Exercise Price of the Option (that is, the Exercise Price multiplied by the Number of Option Shares) plus the aggregate exercise price of any other Incentive Stock Options you hold (whether granted pursuant to the Plan or any other stock option plan of the Participating Company Group) is greater than \$100,000, you should contact the Chief Financial Officer of the Company to ascertain whether the entire Option qualifies as an Incentive Stock Option.

3. Exercise of the Option.  
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3.1 Right to Exercise. Except as otherwise provided herein, the Option shall be exercisable prior to the termination of the Option (as provided in Section 5) in an amount not to exceed the Vested Shares less the number of shares previously acquired upon exercise of the Option. In no event shall the Option be exercisable for more shares than the Number of Option Shares.

3.2 Method of Exercise. Exercise of the Option shall be by written notice to the Company which must state the election to exercise the Option, the number of whole shares of Stock for which the Option is being exercised and such other representations and agreements as to the Optionee's investment intent with respect to such shares as may be required pursuant to the provisions of this Option Agreement. The written notice must be signed by the Optionee and must be delivered in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group, prior to the termination of the Option as set forth in Section 5, accompanied by full payment of the aggregate Exercise Price for the number of shares of Stock being purchased. The Option shall be deemed to be exercised upon receipt by the Company of such written notice and the aggregate Exercise Price.

3.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the aggregate Exercise Price for the number of shares of Stock for which the Option is being exercised shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of whole shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the aggregate Exercise Price, (iii) by means of a Cashless Exercise, as defined in Section 3.3(b), or (iv) by any combination of the foregoing.

(b) Limitations on Forms of Consideration.

(i) Tender of Stock. Notwithstanding the foregoing, the Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender, or attestation to the ownership, of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. The Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

(ii) Cashless Exercise. A "Cashless Exercise" means the assignment in a form acceptable to the Company of the proceeds of a sale or loan with respect to some or all of the shares of Stock acquired upon the exercise of the Option pursuant to a program or procedure approved by the Company (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to decline to approve or terminate any such program or procedure. Generally, and without

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limiting the Company's absolute discretion, a "cashless exercise" will only be  
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permitted at such times in which the shares underlying this Option are publicly  
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traded.  
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3.4 Tax Withholding. At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll and any other amounts payable to the Optionee, and otherwise agrees to make adequate provision for (including by means of a Cashless Exercise to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Participating Company Group, if any, which arise in connection with the Option, including, without limitation, obligations arising upon (i) the exercise, in whole or in part, of the Option, (ii) the transfer, in whole or in part, of any shares acquired upon exercise of the Option, (iii) the operation of any law or regulation providing for the imputation of interest, or (iv) the lapsing of any restriction with respect to any shares acquired upon exercise of the Option. The Optionee is cautioned that the Option is not exercisable unless the tax withholding obligations of the Participating Company Group are satisfied. Accordingly, the Optionee may not be able to exercise the Option when desired even though the Option is vested, and the Company shall have no obligation to issue a certificate for such shares.

3.5 Certificate Registration. Except in the event the Exercise Price is paid by means of a Cashless Exercise, the certificate for the shares as to which the Option is exercised shall be registered in the name of the Optionee, or, if applicable, the Optionee's heirs.

3.6 Restrictions on Grant of the Option and Issuance of Shares. The grant of the Option and the issuance of shares of Stock upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, the Option may not be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to

the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE OPTIONEE IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE OPTIONEE MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

3.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of the Option.

4. Nontransferability of the Option.  
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The Option may be exercised during the lifetime of the Optionee only by the Optionee or the Optionee's guardian or legal representative and may not be assigned or transferred in any manner except by will or by the laws of descent and distribution. Following the death of the Optionee, the Option, to the extent provided in Section 6, may be exercised by the Optionee's legal representative or by any person empowered to do so under the deceased Optionee's will or under the then applicable laws of descent and distribution.

5. Termination of the Option.  
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The Option shall terminate and may no longer be exercised on the first to occur of (a) the Option Expiration Date, (b) the last date for exercising the Option following termination of the Optionee's Service as described in Section 6, or (c) pursuant to a Transfer of Control, to the extent provided in the Plan.

6. Effect of Termination of Service.  
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6.1 Option Exercisability.

(a) Disability. If the Optionee's Service with the Participating Company Group is terminated because of the Disability of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee (or the Optionee's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date. (NOTE: If the Option is exercised more than three (3) months after the date on which the Optionee's Service as an Employee terminated as a result of a Disability other than a permanent and total disability as defined in Section 22(e)(3) of the Code, the Option will be treated as a Nonstatutory Stock Option and not as an Incentive Stock Option to the extent required by Section 422 of the Code.)

(b) Death. If the Optionee's Service with the Participating Company Group is terminated because of the death of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee's legal representative or other person who acquired the right to exercise the Option by reason of the Optionee's death at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date. If the Option is granted prior to April 17, 2001, the Optionee's Service shall be deemed to have terminated on account of death if the Optionee dies within thirty (30) days after the Optionee's termination of Service. If the Option is granted on or after April 17, 2001, the Optionee's Service shall be deemed to have terminated on account of death if the Optionee dies within ninety (90) days after the Optionee's termination of Service.

(c) Other Termination of Service. If the Optionee's Service with the Participating Company Group terminates for any reason, except Disability or death, the Option, to the extent unexercised and exercisable by the Optionee on the date on which the Optionee's Service terminated, (i) for the Option with a Date of Option Grant prior to or on April 17, 2001, may be exercised by the Optionee within thirty (30) days after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date, and (ii) for the Option with a Date of Option Grant on or after April 17, 2001, may be exercised by the Optionee within ninety (90) days after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date (or such other longer period of time as determined by the Board, in its sole discretion).

6.2 Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of the Option within the applicable time periods set forth in Section 6.1 is prevented by the provisions of Section 3.6, the Option shall remain exercisable until one (1) month after the date the Optionee is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date. The Company makes no representation as to the tax consequences of any such delayed exercise. The Optionee should consult with the Optionee's own tax advisor as to the tax consequences of any such delayed exercise.

6.3 Extension if Optionee Subject to Section 16(b). Notwithstanding the foregoing, if a sale within the applicable time periods set forth in Section 6.1 of shares acquired upon the exercise of the Option would subject the Optionee to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such shares by the Optionee would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Optionee's termination of Service, or (iii) the Option Expiration Date. The Company makes no representation as to the tax consequences of any such delayed exercise. The Optionee should consult with the Optionee's own tax advisor as to the tax consequences of any such delayed exercise.

#### 7. Rights as a Stockholder or Service Provider.

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The Optionee shall have no rights as a stockholder with respect to any shares covered by the Option until the date of the issuance of a certificate for the shares for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company

or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 4.2 of the Plan. If the Optionee is an Employee, the Optionee understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Optionee, the Optionee's employment is "at will" and is for no specified term. Nothing in this Option Agreement shall confer upon the Optionee any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Optionee's Service as an Employee, Consultant or Director, as the case may be, at any time.

8. Notice of Sales Upon Disqualifying Disposition.  
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The Optionee shall dispose of the shares acquired pursuant to the Option only in accordance with the provisions of this Option Agreement. In addition, the Optionee shall promptly notify the Chief Financial Officer of the Company if the Optionee disposes of any of the shares acquired pursuant to the Option within one (1) year after the date of the Optionee exercises all or part of the Option or within two (2) years after the Date of Grant. Until such time as the Optionee disposes of such shares in a manner consistent with the provisions of this Option Agreement, unless otherwise expressly authorized by the Company, the Optionee shall hold all shares acquired pursuant to the Option in the Optionee's name (and not in the name of any nominee) for the one-year period immediately after the exercise of the Option and the two-year period immediately after Date of Grant. At any time during the one-year or two-year periods set forth above, the Company may place a legend on any certificate representing shares acquired pursuant to the Option requesting the transfer agent for the Company's stock to notify the Company of any such transfers. The obligation of the Optionee to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate pursuant to the preceding sentence.

9. Legends.  
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The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions, and, if applicable, that the Option is an Incentive Stock Option, on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Optionee shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Optionee in order to carry out the provisions of this Section.

10. Restrictions on Transfer of Shares.  
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No shares acquired upon exercise of the Option may be sold, exchanged, transferred (including, without limitation, any transfer to a nominee or agent of the Optionee), assigned, pledged, hypothecated or otherwise disposed of, including by operation of law, in any manner which violates any of the provisions of this Option Agreement, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any shares which will have been transferred in violation of any of the provisions set forth in this

Option Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares will have been so transferred.

11. Binding Effect.  
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Subject to the restrictions on transfer set forth herein, this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

12. Termination or Amendment.  
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The Board may terminate or amend the Plan or the Option at any time; provided, however, that except in connection with a Transfer of Control, no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Optionee unless such termination or amendment is necessary to comply with any applicable law or government regulation or is required to enable an Option designated as an Incentive Stock Option to qualify as an Incentive Stock Option. No amendment or addition to this Option Agreement shall be effective unless in writing.

13. Notices.  
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Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Option Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail, with postage and fees prepaid, addressed to the other party at the address shown on the Notice or at such other address as such party may designate in writing from time to time to the other party.

14. Integrated Agreement.  
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The Notice, this Option Agreement and the Plan constitute the entire understanding and agreement of the Optionee and the Participating Company Group with respect to the subject matter contained herein and therein and there are no agreements, understandings, restrictions, representations, or warranties among the Optionee and the Participating Company Group with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Notice and this Option Agreement shall survive any exercise of the Option and shall remain in full force and effect.

15. Applicable Law.  
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This Option Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

- Incentive Stock Option
- Nonstatutory Stock Option

Optionee: \_\_\_\_\_

Date: \_\_\_\_\_

EXERCISE NOTICE  
[Public Company/Registered Shares]

Extreme Networks, Inc.  
3585 Monroe Street  
Santa Clara, CA 95051-1450  
Attention: Chief Financial Officer

Ladies and Gentlemen:

1. Option. I was granted an option ("Option") to purchase shares of

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the common stock of Extreme Networks, Inc. ("Company") pursuant to the Company's Amended 1996 Stock Option Plan (the "Plan"), and a Notice of Grant of Stock Options and related Stock Option Agreement (collectively, the "Option Agreement") as follows:

Grant Number: \_\_\_\_\_

Date of Option Grant: \_\_\_\_\_

Number of Option Shares: \_\_\_\_\_

Exercise Price per Share: \$ \_\_\_\_\_

2. Exercise of Option. I hereby elect to exercise the Option to

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purchase \_\_\_\_\_ shares of the Company's Common Stock (the "Shares"), all of which have vested in accordance with the Option Agreement.

3. Payment. I enclose payment in full or have made arrangements for

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payment from the sales proceeds of the Shares of the total exercise price for the Shares in the following form(s), as authorized by my Option Agreement:

Cash: \$ \_\_\_\_\_

Check: \$ \_\_\_\_\_

Tender of Company shares: \$ \_\_\_\_\_

Cashless exercise (same-day-sale): \$ \_\_\_\_\_

4. Tax Withholding. I authorize payroll withholding and otherwise

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will make adequate provision for federal, state, local and foreign tax withholding obligations of the

Company, if any, in connection with my exercise of the Option and my subsequent disposition of the Shares.

5. Notice of Disqualifying Disposition. I agree that, if the Option  
-----  
is designated an Incentive Stock Option, I will promptly notify the Chief  
-----  
Financial Officer of the Company if I transfer any of the Shares within one (1)  
year from the date I exercise all or part of the Option or within two (2) years  
of the Date of Option Grant.

6. Optionee Information.  
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My address is:

\_\_\_\_\_  
\_\_\_\_\_

My Social Security Number is: \_\_\_\_\_

I understand that I am purchasing the Shares pursuant to the terms of  
the Plan and my Option Agreement, copies of which I have received and carefully  
read and understand.

Very truly yours,

\_\_\_\_\_

Receipt of the above is hereby acknowledged.

EXTREME NETWORKS, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

EXTREME NETWORKS, INC.

2000 NONSTATUTORY STOCK OPTION PLAN

1. Establishment, Purpose and Term of Plan.  
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1.1 Establishment. The Company's 2000 Nonstatutory Stock Option Plan (the "Plan") is established effective as of March 18, 2000.

1.2 Purpose. The purpose of the Plan is to advance the interests of the Participating Company Group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group.

1.3 Term of Plan. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms of the Plan and the agreements evidencing Options granted under the Plan have lapsed.

2. Definitions and Construction.  
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2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "Board" also means such Committee(s).

(b) "Code" means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(c) "Committee" means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

(d) "Company" means Extreme Networks, Inc., a Delaware corporation, or any successor corporation thereto.

(e) "Consultant" means any person, including an advisor, engaged by a Participating Company to render services other than as an Employee or a director.

(f) "Employee" means any person treated as an employee (including an officer or a director who is also treated as an employee) in the records of a Participating Company.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(h) "Fair Market Value" means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) If, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock (or the mean of the closing bid and asked prices of a share of Stock if the Stock is so quoted instead) as quoted on the Nasdaq National Market, The Nasdaq SmallCap Market or such other national or regional securities exchange or market system constituting the primary market for the Stock, as reported in The Wall Street

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Journal or such other source as the Company deems reliable. If the relevant date

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does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, there is no public market for the Stock, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

(i) "Option" means a right to purchase Stock (subject to adjustment as provided in Section 4.2) pursuant to the terms and conditions of the Plan. Options are intended to be nonstatutory stock options and shall not be treated as incentive stock options within the meaning of Section 422(b) of the Code.

(j) "Option Agreement" means a written agreement between the Company and an Optionee setting forth the terms, conditions and restrictions of the Option granted to the Optionee and any shares acquired upon the exercise thereof.

(k) "Optionee" means a person who has been granted one or more Options.

(l) "Parent Corporation" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

(m) "Participating Company" means the Company or any Parent Corporation or Subsidiary Corporation.

(n) "Participating Company Group" means, at any point in time, all corporations collectively which are then Participating Companies.

(o) "Stock" means the common stock, without par value, of the Company, as adjusted from time to time in accordance with Section 4.2.

(p) "Subsidiary Corporation" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

2.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

### 3. Administration.

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3.1 Administration by the Board. The Plan shall be administered by the Board, including any duly appointed Committee of the Board. All questions of interpretation of the Plan or of any Option shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Option. Any officer of a Participating Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation, determination or election.

3.2 Powers of the Board. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its sole discretion:

(a) to determine the persons to whom, and the time or times at which, Options shall be granted and the number of shares of Stock to be subject to each Option;

(b) to determine the Fair Market Value of shares of Stock or other property;

(c) to determine the terms, conditions and restrictions applicable to each Option (which need not be identical) and any shares acquired upon the exercise thereof, including, without limitation, (i) the exercise price of the Option, (ii) the method of payment for shares purchased upon the exercise of the Option, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Option or such shares, including by the withholding or delivery of shares of stock, (iv) the timing, terms and conditions of the exercisability of the Option or the vesting of any shares acquired upon the exercise thereof, (v) the time of the expiration of the Option, (vi) the effect of the Optionee's termination of employment or service with the Participating Company Group on any of the foregoing, and (vii)

all other terms, conditions and restrictions applicable to the Option or such shares not inconsistent with the terms of the Plan;

(d) to approve one or more forms of Option Agreement;

(e) to amend, modify, extend, or renew, or grant a new Option in substitution for, any Option or to waive any restrictions or conditions applicable to any Option or any shares acquired upon the exercise thereof;

(f) to accelerate, continue, extend or defer the exercisability of any Option or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following an Optionee's termination of employment or service with the Participating Company Group;

(g) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions whose citizens may be granted Options; and

(h) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option Agreement and to make all other determinations and take such other actions with respect to the Plan or any Option as the Board may deem advisable to the extent consistent with the Plan and applicable law.

#### 4. Shares Subject to Plan.

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4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be 4,000,000 and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. If an outstanding Option for any reason expires or is terminated or canceled or shares of Stock acquired, subject to repurchase, upon the exercise of an Option are repurchased by the Company, the shares of Stock allocable to the unexercised portion of such Option, or such repurchased shares of Stock, shall again be available for issuance under the Plan.

4.2 Adjustments for Changes in Capital Structure. In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, appropriate adjustments shall be made in the number and class of shares subject to the Plan, and to any outstanding Options and in the exercise price per share of any outstanding Options. If a majority of the shares which are of the same class as the shares that are subject to outstanding Options are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event, as defined in Section 8.1) shares of another corporation (the "New Shares"), the Board may unilaterally amend the outstanding Options to provide that such Options are exercisable for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise price per

share of, the outstanding Options shall be adjusted in a fair and equitable manner as determined by the Board, in its sole discretion. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded up or down to the nearest whole number, as determined by the Board, and in no event may the exercise price of any Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. The adjustments determined by the Board pursuant to this Section 4.2 shall be final, binding and conclusive.

5. Eligibility. Options may be granted only to Employees and

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Consultants; provided, however, that no Option shall be granted to any person (including any officer or director) whose eligibility to receive an Option under the Plan at the time of grant would require the approval of the Company's stockholders pursuant to any applicable law, regulation or rule, including, without limitation, any rule applicable to the listing of the Company's securities on the Nasdaq National Market. For purposes of the foregoing sentence, "Employees" and "Consultants" shall include prospective Employees and prospective Consultants to whom Options are granted in connection with written offers of an employment or other service relationship with the Participating Company Group. Eligible persons may be granted more than one (1) Option

6. Terms and Conditions of Options. Options shall be evidenced by Option

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Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. Option Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 Exercise Price. The exercise price for each Option shall be established in the sole discretion of the Board; provided, however, that the exercise price per share for an Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code.

6.2 Exercise Period. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria, and restrictions as shall be determined by the Board and set forth in the Option Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, and (b) no Option granted to a prospective Employee or prospective Consultant may become exercisable prior to the date on which such person commences service with a Participating Company.

6.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to

the Company of shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the exercise price, (iii) by the assignment of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "Cashless Exercise"), (iv) by the Optionee's promissory note in a form approved by the Company, (v) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (vi) by any combination thereof. The Board may at any time or from time to time, by adoption of or by amendment to the standard form of Option Agreement described in Section 7, or by other means, grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) Tender of Stock. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company of shares of Stock to the extent such tender of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

(c) Cashless Exercise. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

(d) Payment by Promissory Note. No promissory note shall be permitted if the exercise of an Option using a promissory note would be a violation of any law. Any permitted promissory note shall be on such terms as the Board shall determine at the time the Option is granted. The Board shall have the authority to permit or require the Optionee to secure any promissory note used to exercise an Option with the shares of Stock acquired upon the exercise of the Option or with other collateral acceptable to the Company. Unless otherwise provided by the Board, if the Company at any time is subject to the regulations promulgated by the Board of Governors of the Federal Reserve System or any other governmental entity affecting the extension of credit in connection with the Company's securities, any promissory note shall comply with such applicable regulations, and the Optionee shall pay the unpaid principal and accrued interest, if any, to the extent necessary to comply with such applicable regulations.

6.4 Tax Withholding. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable upon the exercise of an Option, or to accept from the Optionee the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the federal, state, local and foreign taxes, if any, required by law to be withheld by the Participating Company Group with

respect to such Option or the shares acquired upon the exercise thereof. Alternatively or in addition, in its sole discretion, the Company shall have the right to require the Optionee, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise, to make adequate provision for any such tax withholding obligations of the Participating Company Group arising in connection with the Option or the shares acquired upon the exercise thereof. The Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to the Option Agreement until the Participating Company Group's tax withholding obligations have been satisfied by the Optionee.

7. Standard Forms of Option Agreement.  
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7.1 General. Unless otherwise provided by the Board at the time the Option is granted, an Option shall comply with and be subject to the terms and conditions set forth in the form of Option Agreement adopted by the Board concurrently with its adoption of the Plan and as amended from time to time.

7.2 Authority to Vary Terms. The Board shall have the authority from time to time to vary the terms of the standard form of Option Agreement described in this Section 7 either in connection with the grant or amendment of an individual Option or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Option Agreement shall be in accordance with the terms of the Plan.

8. Transfer of Control.  
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8.1 Definitions.

(a) An "Ownership Change Event" shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

(b) A "Transfer of Control" shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, the "Transaction") wherein the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting stock of the Company or the corporation or corporations to which the assets of the Company were transferred (the "Transferee Corporation(s)"), as the case may be. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting stock of one or more corporations which, as a result of the Transaction, own the Company or the Transferee Corporation(s), as the case may be, either directly or through one or more subsidiary corporations. The Board shall

have the right to determine whether multiple sales or exchanges of the voting stock of the Company or multiple Ownership Change Events are related, and its determination shall be final, binding and conclusive.

8.2 Effect of Transfer of Control on Options. In the event of a Transfer of Control, the surviving, continuing, successor, or purchasing corporation or parent corporation thereof, as the case may be (the "Acquiring Corporation"), may either assume the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options for the Acquiring Corporation's stock. The Board may, in its sole discretion, provide in any Option Agreement that in the event the Acquiring Corporation elects not to assume or substitute for outstanding Options in connection with a Transfer of Control (or regardless of whether the Acquiring Corporation so elects), any unexercisable or unvested portion of the outstanding Option shall be immediately exercisable and vested in full as of the date ten (10) days prior to the date of the Transfer of Control. The exercise or vesting of any Option that was permissible solely by reason of this Section 8.2 and the provisions of such Option Agreement shall be conditioned upon the consummation of the Transfer of Control. Any Options which are neither assumed or substituted for by the Acquiring Corporation in connection with the Transfer of Control nor exercised as of the date of the Transfer of Control shall terminate and cease to be outstanding effective as of the date of the Transfer of Control. Notwithstanding the foregoing, shares acquired upon exercise of an Option prior to the Transfer of Control and any consideration received pursuant to the Transfer of Control with respect to such shares shall continue to be subject to all applicable provisions of the Option Agreement evidencing such Option except as otherwise provided in such Option Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Options immediately prior to an Ownership Change Event described in Section 8.1(a)(i) constituting a Transfer of Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Options shall not terminate unless the Board otherwise provides in its sole discretion.

9. Nontransferability of Options. During the lifetime of the Optionee, an  
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Option shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. No Option shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution, except as provided in an Option Agreement.

10. Compliance with Securities Laws. The grant of Options and the issuance  
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of shares of Stock upon exercise of Options shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities. Options may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Option may be exercised unless (a) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (b) in the opinion of legal counsel to the Company, the shares issuable upon

exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of any Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

11. Indemnification. In addition to such other rights of indemnification as

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they may have as members of the Board or officers or employees of the Participating Company Group, members of the Board and any officers or employees of the Participating Company Group to whom authority to act for the Board is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

12. Termination or Amendment of Plan. The Board may terminate or amend the

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Plan at any time. However, no termination or amendment of the Plan may adversely affect any then outstanding Option or any unexercised portion thereof, without the consent of the Optionee, unless such termination or amendment is necessary to comply with any applicable law, regulation or rule.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS  
COVERING SECURITIES THAT HAVE BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED.\*

Extreme Networks, Inc.  
2000 Nonstatutory Stock Option Plan

This memorandum contains information regarding the Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan, under which shares of common stock of Extreme Networks, Inc. (the "Company"), in any combination of authorized but unissued shares or reacquired shares, may be offered to eligible employees of the Company or any parent corporation, subsidiary corporation or affiliate of the Company (each a "Participating Company").

Upon written or oral request, the Company will provide without charge, to each person to whom a copy of this memorandum is delivered, a copy of the Company's Registration Statement by which the securities described in this memorandum are registered and copies of the documents that have been incorporated by reference in the Company's Registration Statement (not including exhibits to the documents that are incorporated by reference unless such exhibits are specifically incorporated by reference into the documents that the Registration Statement incorporates). Upon written or oral request, the Company will also provide without charge, to each person to whom a copy of this memorandum is delivered, an additional copy of this memorandum, a copy of the Company's annual report to stockholders for its latest fiscal year, and a copy of all reports, proxy statements and other communications distributed to its stockholders for its latest fiscal year and a copy of all reports, proxy statements and other communications distributed to its stockholders generally. Such requests should be directed to the Chief Financial Officer, Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, California 95051, (408) 579-2800. Alternatively, on the Securities and Exchange Commission's web site at <http://www.sec.gov>, you will find the Registration Statement, reports, proxy statements and other information regarding the Company that was filed electronically.

Except for the person set forth in the foregoing paragraph, no person has been authorized to give any information or make any representations, other than those contained in this prospectus, in connection with the Plan, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. This prospectus does not constitute an offering in any state in which such offering may not lawfully be made.

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\* Q&As 4, 22 and 35 OF THIS DOCUMENT DO NOT CONSTITUTE A PART OF A PROSPECTUS  
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COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF  
1933, AS AMENDED.  
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The date of this prospectus is October 22, 2001.  
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TABLE OF CONTENTS

	Page
	----
INTRODUCTION.....	1
ELIGIBILITY & PARTICIPATION.....	2
OPTION GRANTS.....	3
VESTING.....	3
OPTION EXERCISE.....	4
EMPLOYMENT STATUS.....	6
TERMINATING SERVICE WITH THE COMPANY.....	6
STOCKHOLDER RIGHTS.....	7
TRANSFER OF CONTROL OF THE COMPANY.....	8
STOCK SALES.....	9
TAX IMPLICATIONS OF NONSTATUTORY STOCK OPTIONS.....	9
FEDERAL SECURITIES LAWS AFFECTING PARTICIPANTS.....	11
PLAN ADMINISTRATION.....	12
AMENDMENT OR TERMINATION OF THE PLAN.....	13
OTHER INFORMATION.....	13

Questions & Answers About

Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan

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The purpose of this prospectus is to provide you with a summary of the terms of the Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan (the "Plan"). Should any inconsistency exist between the following description and the actual terms of the Plan or your Stock Option Agreement, the terms of the Plan and your Stock Option Agreement control.

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INTRODUCTION

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1. What is the purpose of the Plan?

The Company adopted the Plan to attract, retain and reward selected employees of and consultants to the Company or any parent corporation, subsidiary corporation or affiliate, and to motivate them to contribute to the growth and profitability of the Company. Under the Plan, the Company may grant nonstatutory stock options to purchase the common stock of the Company at a specified price to any such employees and consultants as may be selected by the Company's board of directors (the "Board").

2. What is a stock option?

A stock option gives the option holder the right to purchase a specified number of shares within a specified time period at a price determined at the time the option is granted. The exact number and the price of shares you are entitled to purchase under the option granted to you is set forth in your Notice of Grant of Stock Options (the "Notice") and Stock Option Agreement (the "Option Agreement").

3. What is a nonstatutory stock option?

The Plan authorizes only nonstatutory stock options. The Plan is not intended to qualify as an "incentive stock option plan" under Section 422 of the Internal Revenue Code of 1986, as amended. A nonstatutory stock option is one that does not provide the special tax treatment accorded to incentive stock options. See Q&A 36 through 43 regarding the major federal income tax consequences of a nonstatutory stock option.

4. What are the benefits of receiving a stock option?

If the value of the Company increases, then the value of the Company's stock and the value of your option will increase proportionately. Since your option gives you the right to purchase shares of the Company's stock at a fixed price during the period specified in your Notice, you may ultimately profit from any increase in the value of the stock. If you

choose to exercise your option, then, as a stockholder, you will become a part owner of the Company and will have the right to receive any dividends paid on your stock and all communications sent to the Company's common stockholders, attend all stockholder meetings and vote upon all matters presented to the stockholders at such meetings. However, once you purchase shares, you also bear the risk of price declines.

5. What is the total number of shares that may be issued under the Plan?

A total of 4,000,000 shares of the Company's common stock are reserved for issuance under the Plan. The shares may be authorized but unissued shares, or reacquired shares, including shares purchased on the open market.

6. What happens if there is a change in the Company's capital structure?

If there is a change in the Company's capital structure, the Company will make appropriate adjustments to the number and class of shares subject to the Plan and your outstanding options, and to the purchase price under your outstanding options. A "change in the Company's capital structure" includes: a stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification, or similar change affecting the Company's shares.

7. Is the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA")?

No. The Plan is not subject to ERISA.

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ELIGIBILITY & PARTICIPATION

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8. Am I eligible to receive options under the Plan?

You are eligible to receive options under the Plan if you are a current or prospective (pursuant to a written offer of employment or engagement) employee of or consultant to the Company or any parent corporation or subsidiary corporation of the Company (the "Participating Company Group").

9. Do I need to enroll in the Plan?

No. You do not need to enroll in the Plan in order to receive stock options under the Plan. The decision to grant or not to grant options to any otherwise eligible person is solely within the discretion of the Board or a committee of the Board. However, the Board may not grant options to any person whose participation in the Plan would require the approval of the Company's stockholders under any applicable law, regulation or rule.

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OPTION GRANTS

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10. What is the Date of Option Grant?

The "Date of Option Grant" is the day that the Company grants you an option to purchase the Company's common stock unless the Board specifies a later effective date. Your Date of Option Grant is stated in your Notice.

11. How many shares does my option cover?

The number of shares covered by each option is determined by the Board at its discretion. If you are granted an option, the number of shares subject to your option is stated in your Notice.

12. What is the Option Expiration Date?

The "Option Expiration Date" is the last day on which you may exercise your option, unless your option has terminated on an earlier date due to your termination of service or other events described in your Option Agreement. Unless otherwise stated in your Notice, the Option Expiration Date is the date ten (10) years after your Date of Option Grant.

13. Must I sign a Stock Option Agreement?

Yes. No option is valid or a binding obligation of the Company unless evidenced by a fully executed Notice.

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VESTING

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14. What are the vesting provisions of my option?

Your Notice states the rate at which your option vests and becomes exercisable.

15. Does my termination from service affect the vesting of my option?

Yes. Generally, upon your termination of service, your vesting will stop and the vested percentage of your option will depend on your length of service at the date of your termination.

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OPTION EXERCISE

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16. What is my option exercise date or purchase date?

The exercise date is the day that you exercise your option to purchase shares of the Company's common stock.

17. When may I exercise my option?

You may exercise your option on and after the date stated in your Notice and prior to the Option Expiration Date. If you were granted an option as a prospective employee or prospective consultant, you may not in any event exercise your option prior to the date on which your service commences.

18. How many shares may I purchase?

When you exercise your option, you may purchase up to a number of shares equal to the Vested Shares, as defined in your Option Agreement, less the number of shares you previously acquired by exercising your option. See Q&A 12 for a discussion of the Option Expiration Date.

19. How do I exercise my option?

To exercise your option you must give written notice to the Company and pay the exercise price for the shares you are purchasing. The notice must state your election to exercise the option, the number of whole shares of the Company stock you are purchasing and any other information required by your Option Agreement. You must sign the written notice and deliver it in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group. You must deliver the written notice and your exercise price payment prior to the termination of the option. The option is deemed to be exercised upon receipt by the Company of such written notice, the aggregate exercise price and tax withholding obligations, if any. See Q & A 21 for authorized forms of payment.

20. What is the exercise price of my option?

The exercise price of your option is stated in your Notice. This price was established in the sole discretion of the Board, when your option was granted, and, under the terms of the Plan, had to be set at no less than the "fair market value" of a share of the Company common stock on the Date of Option Grant. The "fair market value" for this purpose is generally the closing sale price of a share on the applicable date as quoted on the Nasdaq National Market and reported in The Wall Street Journal.

21. How do I pay for the stock when I exercise my option?

Generally, you may pay the exercise price using any combination of the following methods:

1. Cash, check, or cash equivalent.
2. By tender to the Company, or attestation to the ownership, of shares of the Company common stock you own which have a fair market value not less than the exercise price. This method of payment may not be used if it would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. In addition, this method of payment may not be used unless you either have owned the tendered shares for more than six (6) months or did not acquire the shares directly or indirectly from the Company.
3. A "cashless exercise." A "cashless exercise" means the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the option. A form of cashless exercise is often referred to as "same-day sale." the Company retains the right to establish, decline to approve or terminate any program or procedures for the exercise of options by means of a cashless exercise.
4. By a promissory note in form approved by the Company. This method of payment is in the Company's sole discretion at the time the Option is exercised and may not be used if it would constitute a violation of the provisions of any law or regulation.

The Board may at any time or from time to time grant options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

22. Will I receive stock certificates for the shares that I purchase?

Except in the case where you pay the exercise price by means of a cashless exercise, you will receive a certificate for the shares you have purchased that will be registered in your name, or, if applicable, in the names of your heirs. The Company is not required to issue fractional shares upon the exercise of an option.

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EMPLOYMENT STATUS

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23. If I receive an option under the Plan will it affect the terms of my employment?

No. Unless you have a written employment contract with the Company providing otherwise, your employment is "at-will." This means that either you or your employer has the right to end your employment relationship at any time, for any reason, with or without cause. If you receive an option under the Plan, it will not affect your "at-will" relationship with the Company.

24. What happens if I take a leave of absence?

Generally, if you take any military leave, sick leave, or other bona fide leave of absence approved by the Company, your service for Plan purposes will continue. However, if such a leave exceeds 90 days, your service will be deemed to have terminated on the 91st day of such leave unless your right to return to service with the Participating Company Group is guaranteed by statute or contract. Unless otherwise provided, your leave of absence will not be treated as service for the purposes of determining vesting under your Option Agreement.

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TERMINATING SERVICE WITH THE COMPANY

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25. What service counts for purposes of the Plan?

"Service" for Plan purposes means your employment or service with the Participating Company, whether in the capacity of an employee or a consultant. Your service will not be deemed terminated merely because of a change in the capacity of the service you render to the Participating Company or a change in the Participating Company for which you render such service, provided there is no interruption or termination of your service. Subject to the terms of the Plan and your Option Agreement, the Company will have the discretion to determine if and when your service has terminated for purposes of the Plan.

26. What happens to my option if my service terminates?

The effect of your termination of service is specified in your Option Agreement. With certain exceptions described below, if your service terminates and your option was granted prior to April 17, 2001, you will generally have 30 days from the date of your termination of service (but in no event later than the Option Expiration Date) to exercise the vested portion of your option. However, if your option is granted after April 17, 2001, you will generally have 90 days from the date of your termination of service (but in

no event later than the Option Expiration Date) to exercise the vested portion of your option.

If your service terminates due to your disability or death, you (or your estate) have twelve (12) months following termination (but in no event later than the Option Expiration Date) to exercise the vested portion of your option.

If the exercise of your option within the applicable time periods set forth above is prevented by securities law, your option will remain exercisable until one (1) month after the date you are notified by the Company that the Option is exercisable (but in no event later than the Option Expiration Date).

If a sale within the applicable time periods set forth above of shares acquired by the exercise of your option will subject you to a suit under Section 16(b) of the Exchange Act, your exercise period may be extended until the earliest of (i) the 10th day following the date on which a sale of such shares would no longer be subject to suit, (ii) the 190th day after your termination of service, or (iii) the Option Expiration Date. See Q&A 12 for the meaning of Option Expiration Date.

27. What happens to my shares if my service with the Company terminates?

You are entitled to retain ownership of any vested shares you have purchased until such time as you decide to sell them. Generally, your option will terminate and you will forfeit any shares that have not vested or not exercised as of the date your option terminates.

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#### STOCKHOLDER RIGHTS

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28. Do I become a stockholder when I receive an option?

No. You have no rights as a Company stockholder merely by virtue of being an option holder.

29. When do I have rights as a stockholder?

You have rights as a Company stockholder on the date you are issued the shares for which your option has been exercised, as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company.

30. What information do I receive as an option holder?

You will be given access to information concerning the Company equivalent to the information generally made available to the Company's common stockholders.

31. Can I assign or transfer my options?

Generally, no. During your lifetime, your options can only be exercised by you, your guardian or legal representative. You cannot transfer or assign any option, except by will or by the laws of descent and distribution.

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TRANSFER OF CONTROL OF THE COMPANY

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32. What is a "transfer of control"?

A "transfer of control" of the Company includes any of the following events in which the stockholders of the Company immediately before such event do not retain direct or indirect beneficial ownership of at least a majority of the beneficial interest in the voting stock of the Company or its successor:

- (1) A direct or indirect sale or exchange by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company.
- (2) A merger or consolidation in which the Company is a party.
- (3) The sale, exchange or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).
- (4) Liquidation or dissolution of the Company.

33. What happens to my option if there is a transfer of control?

If a transfer of control occurs, the surviving, continuing, successor, or purchasing corporation or parent corporation of any of these may assume the Company's rights and obligations under outstanding options or substitute for outstanding options substantially equivalent options for the acquiring corporation's stock. However, if the acquiring corporation does not assume or substitute for outstanding options, any unexercisable or unvested portion of the option shall terminate unless otherwise provided in your Option Agreement. The Board may, in its discretion, provide in your Option Agreement that, in the event of a transfer of control, the vesting of the outstanding option shall accelerate to such extent as specified in your Option Agreement.

Any option or portion thereof which is neither assumed or substituted for by the acquiring corporation nor exercised as of the date of the transfer control will terminate and cease to be outstanding effective as of the date of the transfer of control.

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STOCK SALES

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34. When may I sell the shares that I receive by exercising my option?

Generally, you may sell the shares that you receive at any time after the shares have been issued in your name. Before you sell any of your shares, you should discuss the tax implications of the sale with a tax advisor. See below, Tax Implications of Nonstatutory Stock Options.

35. Do I pay brokerage commissions on the purchase of shares under the Plan or when I subsequently sell such shares?

You will not pay any brokerage commissions when you exercise your option and purchase shares. However, you will be responsible for paying any brokerage commissions you incur on your subsequent sale of such shares.

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TAX IMPLICATIONS OF NONSTATUTORY STOCK OPTIONS

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The tax consequences arising in connection with options are complex and subject to change. The following summary is only a general guide to the current U.S. federal income tax consequences of nonstatutory options granted under the Plan and does not describe all such possible tax consequences or consequences associated with incentive stock options. In addition, your particular situation may be such that some variation of the general rules is applicable. For example, the following summary does not describe the tax consequences of certain transactions, such as if shares are used to exercise an option, if shares acquired by exercise of an option are sold to certain related parties, or if you acquire substantially identical shares within the 30-day period before or after your sale of shares acquired upon exercise of an option. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS PRIOR TO THE EXERCISE OF ANY OPTION AND PRIOR TO THE DISPOSITION OF ANY SHARES ACQUIRED UNDER THE PLAN.

36. Is the grant to me of a stock option a taxable event?

No. You do not receive taxable income merely because you are granted an option under the Plan.

37. Is my exercise of an option a taxable event?

Yes. You will receive taxable income as a result of your exercise of a nonstatutory stock option. Generally, the amount of that income is determined on your exercise date. At

that time, you will recognize ordinary income equal to the excess of the fair market value of the shares on the exercise date over the purchase price you pay for the shares. If you are an employee or former employee, that ordinary income is treated as wages subject to income and employment tax withholding.

38. Is my subsequent sale of shares acquired under the Plan a taxable event?

Yes. Your sale of any shares that you acquire under the Plan is a taxable event. At that time, you will recognize capital gain or loss equal to any additional gain or loss recognized in the disposition. That gain or loss is determined by the difference between the amount you realize on the sale of the shares and the fair market value of those shares on the option exercise date. The tax consequences of disposing of the shares will vary depending on how long you have held the shares.

39. What are long-term and short-term capital gains?

A capital gain or loss will be long-term if you hold the shares for more than 1 year after your purchase date and short-term if you hold the shares for 1 year or less after your purchase date. Currently, long-term capital gains are subject to a maximum federal income tax rate of 20%.

40. Will any amounts be withheld from my paycheck to cover my tax liability?

If you are an employee or former employee, when you purchase shares by exercising your option, you must make adequate provision for any federal, state, local or foreign tax withholding obligations. Generally, you will be required to pay directly to the Company or your employer the full amount of your tax withholding obligation at the time you exercise your option. If you exercise your option in a cashless exercise (same-day sale), you will be required to assign to the Company a portion of your share sale proceeds sufficient to pay your withholding tax. The Company may, but is not required to, withhold from your compensation the amount necessary to meet its tax withholding obligations. If you request, the Company may, but is not obligated to, withhold from the vested shares otherwise issuable to you on exercise of your option a number of whole shares having a fair market value on the exercise date not in excess of the minimum amount of tax required to be withheld by law. The Company will not be liable to you for any adverse tax consequences you suffer in connection with this share withholding procedure. The Company has no obligation to deliver shares of stock until you have satisfied the withholding obligation.

41. Will I owe any other taxes?

The above discussion is only a summary of certain aspects of the highly complex U.S. federal income tax rules applicable to nonstatutory options and does not deal with other taxes which may affect you, such as state and local income taxes, federal and state estate, gift and inheritance taxes and taxes of countries other than the United States of America. You should obtain and rely on the advice of your own tax advisor with respect to such matters.

42. Who can I talk to about my specific tax situation?

Since the tax implications of stock options can be complex and can vary by individual, we suggest that you contact your tax advisor with questions specific to your situation.

43. Does the Company receive a tax deduction?

The Company is generally entitled to a tax deduction equal to the ordinary income that you recognize under the rules discussed above, except to the extent such deduction is limited by applicable provisions of the Internal Revenue Code or the regulations thereunder.

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FEDERAL SECURITIES LAWS AFFECTING PARTICIPANTS

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44. What is Section 16(b)?

Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), permits the recovery by the Company of any profit realized by an "Insider" from each purchase and subsequent sale, or sale and subsequent purchase, of shares within any period of less than six months. An "Insider" for this purpose is any officer or director of the Company or person who is directly or indirectly the beneficial owner of more than 10% of any class of equity security of the Company that is registered under Section 12 of the Exchange Act. If you are an Insider, you should consult with the Company's general counsel or your own legal advisor prior to the disposition of any shares in order to ascertain the precise application to your particular situation of your reporting obligations and liability under Section 16(b).

45. What is Rule 10b-5?

Rule 10b-5 under the Exchange Act prohibits you from engaging in fraudulent practices in connection with the purchase or sale of securities. This rule generally prohibits you from buying or selling the Company's securities using material information about the Company which has not yet been released to the public. Before buying or selling any shares and, in particular, before selling shares acquired under the Plan, you should consult with the Company's general counsel regarding the applicability of any the Company "trading window" policies prohibiting trading in the Company's stock during specified periods of the year when material inside information is likely to be held prior to its release to the public.

46. What is Rule 144?

"Affiliates" of the Company are generally obligated to resell shares in compliance with Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"). Participants in the Plan with the power

to manage and direct the policies of the Company, relatives of such participants, and trusts, estates, corporations, or other organizations controlled by such participants may be deemed to be "Affiliates" of the Company.

Rule 144 requires that sales by Affiliates be effected in "broker transactions" (as defined in Rule 144), and limits the number of shares that may be sold in any 3-month period to no more than the greater of 1% of the outstanding shares or the average weekly reported volume of trading in shares during the 4 calendar weeks preceding the filing of the required notice of the proposed sale. Since the shares have been registered under the Securities Act, Affiliates selling shares in compliance with Rule 144 are not subject to the holding period requirements of Rule 144.

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PLAN ADMINISTRATION  
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47. Who administers the Plan?

The Plan is administered by the Board and/or by a duly appointed committee having such powers as specified by the Board. All questions of interpretation of the Plan or of any option are determined by the Board, whose decisions are final and binding upon all persons having an interest in the Plan.

48. What is the term of the Board?

Directors hold office until the expiration of the term for which elected and until their successors are elected and qualified or until their earlier death, resignation or removal from office. Members of the Board receive no additional compensation for administering the Plan.

49. Does the Company have any role in administering the Plan?

Yes. While Board has overall authority for administering the Plan, the Company, acting through its officers, may from time to time establish, change or terminate rules, guidelines, policies, procedures, limitations or adjustments as deemed advisable by the Company, in its sole discretion, in the administration of the Plan.

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AMENDMENT OR TERMINATION OF THE PLAN

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50. Can the Plan be amended or terminated?

Yes. The Board may terminate or amend the Plan at any time. However, no termination or amendment of the Plan may adversely affect an option previously granted to you without your consent, unless such termination or amendment is necessary to comply with any applicable law, regulation or rule.

51. How long can the Plan remain in effect?

The Plan will remain in effect until either all shares available for issuance under the Plan have been issued or the Board terminates the Plan, whichever is earlier.

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OTHER INFORMATION

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52. Where can I get additional information?

You can get additional information about the Plan by contacting the Chief Financial Officer of the Company at 3585 Monroe Street, Santa Clara, California 95051, (408) 579-2800.

53. Can anyone at the Company provide me with tax advice?

No. Since the tax implications of your stock options can be complex and can vary by individual, you should contact your individual tax advisor with questions specific to your situation.

54. What documents are incorporated by reference in this prospectus?

The following documents and information previously filed by the Company with the Securities and Exchange Commission are incorporated by reference in this prospectus:

- . the Company's latest annual report on Form 10-K filed pursuant to Sections 13(a) or 15(d) of the Exchange Act, containing audited financial statements for the Company's latest fiscal year;
- . All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the registrant document referred to above;

- . The description of the Company's common stock contained in its Registration Statement on Form 8-A filed under the Exchange Act, including any amendment or report filed for the purpose of updating such description; and
- . All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this prospectus and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this prospectus and to be part hereof from the date of filing such documents.

EXTREME NETWORKS, INC.  
STOCK OPTION AGREEMENT  
2000 NONSTATUTORY STOCK OPTION PLAN

Extreme Networks, Inc. has granted to the individual (the "Optionee") named in the Notice of Grant of Stock Options (the "Notice") to which this Stock Option Agreement (the "Option Agreement") is attached an option (the "Option") to purchase certain shares of Stock upon the terms and conditions set forth in the Notice and this Option Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Extreme Networks, Inc. 2000 Nonstatutory Stock Option Plan (the "Plan"), as amended to the Date of Option Grant, the provisions of which are incorporated herein by reference. By signing the Notice, the Optionee: (a) represents that the Optionee has read and is familiar with the terms and conditions of the Notice, the Plan and this Option Agreement, (b) accepts the Option subject to all of the terms and conditions of the Notice, the Plan and this Option Agreement, (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Notice, the Plan or this Option Agreement, and (d) acknowledges receipt of a copy of the Notice, the Plan and this Option Agreement.

1. Definitions and Construction.  
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1.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

- (a) "Date of Option Grant" means the effective date of grant of the Option as set forth in the Notice.
- (b) "Disability" means the permanent and total disability of the Optionee within the meaning of Section 22(e)(3) of the Code.
- (c) "Exercise Price" means the purchase price per share of Stock as set forth in the Notice.
- (d) "Number of Option Shares" means the total number of shares of Stock subject to the Option as set forth in the Notice.
- (e) "Option Expiration Date" means the date ten (10) years after the Date of Option Grant.
- (f) "Securities Act" means the Securities Act of 1933, as amended.
- (g) "Service" means the Optionee's employment or service with the Participating Company Group, whether in the capacity of an Employee or a Consultant. The Optionee's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionee renders Service to the Participating Company Group or a change in the Participating Company for which the Optionee renders such Service, provided that there is no interruption or termination of the Optionee's Service. Furthermore, the Optionee's Service

with the Participating Company Group shall not be deemed to have terminated if the Optionee takes any military leave, sick leave, or other bona fide leave of absence approved by the Company; provided, however, that if any such leave exceeds ninety (90) days, on the ninety-first (91st) day of such leave the Optionee's Service shall be deemed to have terminated unless the Optionee's right to return to Service with the Participating Company Group is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, a leave of absence shall not be treated as Service for purposes of determining vesting under the Option Agreement. The Optionee's Service shall be deemed to have terminated either upon an actual termination of Service or upon the corporation for which the Optionee performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its sole discretion, shall determine whether the Optionee's Service has terminated and the effective date of such termination.

(h) "Vested Shares" means, on any relevant date, that portion of the Number of Option Shares which has vested in accordance with vesting schedule set forth in the Notice. Provided that the Optionee's Service has not terminated prior to the relevant date, an initial installment of shares will become Vested Shares on the initial "Full Vest" date set forth in the Notice, and thereafter the remaining shares will become Vested Shares in substantially equal installments at the periodic rate set forth in the Notice, with the last such installment vesting on the last "Full Vest" date set forth in the Notice.

1.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Option Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. Tax Status of Option.  
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This Option is intended to be a nonstatutory stock option, which is not intended to qualify as an incentive stock option within the meaning of Section 422(b) of the Code.

3. Exercise of the Option.  
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3.1 Right to Exercise. Except as otherwise provided herein, the Option shall be exercisable prior to the termination of the Option (as provided in Section 5) in an amount not to exceed the Vested Shares less the number of shares previously acquired upon exercise of the Option. In no event shall the Option be exercisable for more shares than the Number of Option Shares.

3.2 Method of Exercise. Exercise of the Option shall be by written notice to the Company which must state the election to exercise the Option, the number of whole shares of Stock for which the Option is being exercised and such other representations and agreements as to the Optionee's investment intent with respect to such shares as may be required pursuant to the provisions of this Option Agreement. The written notice must be signed by the Optionee and must be delivered in person, by certified or registered mail, return receipt requested, by

confirmed facsimile transmission, or by such other means as the Company may permit, to the Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group, prior to the termination of the Option as set forth in Section 5, accompanied by full payment of the aggregate Exercise Price for the number of shares of Stock being purchased. The Option shall be deemed to be exercised upon receipt by the Company of such written notice and the aggregate Exercise Price.

### 3.3 Payment of Exercise Price.

#### (a) Forms of Consideration Authorized. Except as otherwise

provided below, payment of the aggregate Exercise Price for the number of shares of Stock for which the Option is being exercised shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of whole shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the aggregate Exercise Price, (iii) by means of a Cashless Exercise, as defined in Section 3.3(b), or (iv) by any combination of the foregoing.

#### (b) Limitations on Forms of Consideration.

(i) Tender of Stock. Notwithstanding the foregoing, the Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender, or attestation to the ownership, of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. The Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

(ii) Cashless Exercise. A "Cashless Exercise" means the assignment in a form acceptable to the Company of the proceeds of a sale or loan with respect to some or all of the shares of Stock acquired upon the exercise of the Option pursuant to a program or procedure approved by the Company (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to decline to approve or terminate any such program or procedure. Generally, and without

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limiting the Company's absolute discretion, a "cashless exercise" will only be  
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permitted at such times in which the shares underlying this Option are publicly  
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traded.  
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3.4 Tax Withholding. At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll and any other amounts payable to the Optionee, and otherwise agrees to make adequate provision for (including by means of a Cashless Exercise to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Participating Company Group, if any, which arise in connection with the Option, including, without limitation, obligations arising upon (i) the exercise, in whole

or in part, of the Option, (ii) the transfer, in whole or in part, of any shares acquired upon exercise of the Option, (iii) the operation of any law or regulation providing for the imputation of interest, or (iv) the lapsing of any restriction with respect to any shares acquired upon exercise of the Option. The Optionee is cautioned that the Option is not exercisable unless the tax withholding obligations of the Participating Company Group are satisfied. Accordingly, the Optionee may not be able to exercise the Option when desired even though the Option is vested, and the Company shall have no obligation to issue a certificate for such shares.

3.5 Certificate Registration. Except in the event the Exercise Price is paid by means of a Cashless Exercise, the certificate for the shares as to which the Option is exercised shall be registered in the name of the Optionee, or, if applicable, the Optionee's heirs.

3.6 Restrictions on Grant of the Option and Issuance of Shares. The grant of the Option and the issuance of shares of Stock upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, the Option may not be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE OPTIONEE IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE OPTIONEE MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

3.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of the Option.

4. Nontransferability of the Option.  
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The Option may be exercised during the lifetime of the Optionee only by the Optionee or the Optionee's guardian or legal representative and may not be assigned or transferred in any manner except by will or by the laws of descent and distribution. Following the death of the Optionee, the Option, to the extent provided in Section 6, may be exercised by the Optionee's legal representative or by any person empowered to do so under the deceased Optionee's will or under the then applicable laws of descent and distribution.

5. Termination of the Option.  
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The Option shall terminate and may no longer be exercised on the first to occur of (a) the Option Expiration Date, (b) the last date for exercising the Option following termination of the Optionee's Service as described in Section 6, or (c) pursuant to a Transfer of Control, to the extent provided in the Plan.

6. Effect of Termination of Service.  
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6.1 Option Exercisability.

(a) Disability. If the Optionee's Service with the Participating Company Group is terminated because of the Disability of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee (or the Optionee's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date.

(b) Death. If the Optionee's Service with the Participating Company Group is terminated because of the death of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee's legal representative or other person who acquired the right to exercise the Option by reason of the Optionee's death at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date. If the Option is granted prior to April 17, 2001, the Optionee's Service shall be deemed to have terminated on account of death if the Optionee dies within thirty (30) days after the Optionee's termination of Service. If the Option is granted on or after April 17, 2001, the Optionee's Service shall be deemed to have terminated on account of death if the Optionee dies within ninety (90) days after the Optionee's termination of Service.

(c) Other Termination of Service. If the Optionee's Service with the Participating Company Group terminates for any reason, except Disability or death, the Option, to the extent unexercised and exercisable by the Optionee on the date on which the Optionee's Service terminated, (i) for all shares granted prior to April 17, 2001, may be exercised by the Optionee within thirty (30) days after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date, and (ii) for all shares granted on or after April 17, 2001, may be exercised by the Optionee within ninety (90) days after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date (or such other longer period of time as determined by the Board, in its sole discretion).

6.2 Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of the Option within the applicable time periods set forth in Section 6.1 is prevented by the provisions of Section 3.6, the Option shall remain exercisable until one (1) month after the date the Optionee is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date.

6.3 Extension if Optionee Subject to Section 16(b). Notwithstanding the foregoing, if a sale within the applicable time periods set forth in Section 6.1 of shares acquired upon the exercise of the Option would subject the Optionee to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such shares by the Optionee would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Optionee's termination of Service, or (iii) the Option Expiration Date. The Company makes no representation as to the tax consequences of any such delayed exercise.

7. Rights as a Stockholder, Employee or Consultant.  
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The Optionee shall have no rights as a stockholder with respect to any shares covered by the Option until the date of the issuance of a certificate for the shares for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 4.2 of the Plan. If the Optionee is an Employee, the Optionee understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Optionee, the Optionee's employment is "at will" and is for no specified term. Nothing in this Option Agreement shall confer upon the Optionee any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Optionee's Service as an Employee or Consultant, as the case may be, at any time.

8. Legends.  
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The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Optionee shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Optionee in order to carry out the provisions of this Section.

9. Restrictions On Transfer of Shares.  
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No shares acquired upon exercise of the Option may be sold, exchanged, transferred (including, without limitation, any transfer to a nominee or agent of the Optionee), assigned, pledged, hypothecated or otherwise disposed of, including by operation of law, in any manner which violates any of the provisions of this Option Agreement, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any shares which will have been transferred in violation of any of the provisions set forth in this Option Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares will have been so transferred.

10. Binding Effect.  
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Subject to the restrictions on transfer set forth herein, this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

11. Termination or Amendment.  
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The Board may terminate or amend the Plan or the Option at any time; provided, however, that except in connection with a Transfer of Control, no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Optionee unless such termination or amendment is necessary to comply with any applicable law or government regulation. No amendment or addition to this Option Agreement shall be effective unless in writing.

12. Notices.  
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Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Option Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail, with postage and fees prepaid, addressed to the other party at the address shown on the Notice or at such other address as such party may designate in writing from time to time to the other party.

13. Integrated Agreement.  
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The Notice, this Option Agreement and the Plan constitute the entire understanding and agreement of the Optionee and the Participating Company Group with respect to the subject matter contained herein and therein and there are no agreements, understandings, restrictions, representations, or warranties among the Optionee and the Participating Company Group with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Notice and this Option Agreement shall survive any exercise of the Option and shall remain in full force and effect.

14. Applicable Law.  
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This Option Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

Optionee: \_\_\_\_\_

Date: \_\_\_\_\_

EXERCISE NOTICE  
[Public Company/Registered Shares]

Extreme Networks, Inc.  
3585 Monroe Street  
Santa Clara, CA 95051-1450  
Attention: Chief Financial Officer

Ladies and Gentlemen:

1. Option. I was granted an option ("Option") to purchase shares of the  
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common stock of Extreme Networks, Inc. ("Company") pursuant to the Company's  
2000 Nonstatutory Stock Option Plan (the "Plan"), and a Notice of Grant of Stock  
Options and related Stock Option Agreement (collectively, the "Option  
Agreement") as follows:

Grant Number: \_\_\_\_\_

Date of Option Grant: \_\_\_\_\_

Number of Option Shares: \_\_\_\_\_

Exercise Price per Share: \$ \_\_\_\_\_

2. Exercise of Option. I hereby elect to exercise the Option to  
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purchase \_\_\_\_\_ shares of the Company's Common Stock (the "Shares"), all  
of which have vested in accordance with the Option Agreement.

3. Payment. I enclose payment in full or have made arrangements for  
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payment from the sales proceeds of the Shares of the total exercise price for  
the Shares in the following form(s), as authorized by my Option Agreement:

Cash: \$ \_\_\_\_\_

Check: \$ \_\_\_\_\_

Tender of Company shares: \$ \_\_\_\_\_

Cashless exercise (same-day-sale): \$ \_\_\_\_\_

4. Tax Withholding. I authorize payroll withholding and otherwise will  
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make adequate provision for federal, state, local and foreign tax withholding  
obligations of the

Company, if any, in connection with my exercise of the Option and my subsequent disposition of the Shares.

5. Optionee Information.

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My address is:

\_\_\_\_\_  
\_\_\_\_\_

My Social Security Number is: \_\_\_\_\_

I understand that I am purchasing the Shares pursuant to the terms of the Plan and my Option Agreement, copies of which I have received and carefully read and understand.

Very truly yours,

\_\_\_\_\_

Receipt of the above is hereby acknowledged.

EXTREME NETWORKS, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

EXTREME NETWORKS, INC.

2001 NONSTATUTORY STOCK OPTION PLAN

1. Establishment, Purpose and Term of Plan.  
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1.1 Establishment. The Company's 2001 Nonstatutory Stock Option Plan (the "Plan") is established effective as of May 23, 2001.

1.2 Purpose. The purpose of the Plan is to advance the interests of the Participating Company Group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group.

1.3 Term of Plan. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms of the Plan and the agreements evidencing Options granted under the Plan have lapsed.

1.4 Participation in Plan. Eligibility to participate in the Plan is restricted as provided in Section 5 such that no existing person who is an officer or director may receive grants hereunder to the extent that his or her participation is prohibited under the Nasdaq National Market listing requirements.

2. Definitions and Construction.  
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2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "Board" also means such Committee(s).

(b) "Code" means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(c) "Committee" means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

(d) "Company" means Extreme Networks, Inc., a Delaware corporation, or any successor corporation thereto.

(e) "Consultant" means any person, including an advisor, engaged by a Participating Company to render services other than as an Employee or a director.

(f) "Employee" means any person treated as an employee (including an officer or a director who is also treated as an employee) in the records of a Participating Company.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(h) "Fair Market Value" means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) If, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock (or the mean of the closing bid and asked prices of a share of Stock if the Stock is so quoted instead) as quoted on the Nasdaq National Market, The Nasdaq SmallCap Market or such other national or regional securities exchange or market system constituting the primary market for the Stock, as reported in The Wall Street

Journal or such other source as the Company deems reliable. If the relevant date

does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, there is no public market for the Stock, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

(i) "Option" means a right to purchase Stock (subject to adjustment as provided in Section 4.2) pursuant to the terms and conditions of the Plan. Options are intended to be nonstatutory stock options and shall not be treated as incentive stock options within the meaning of Section 422(b) of the Code.

(j) "Option Agreement" means a written agreement between the Company and an Optionee setting forth the terms, conditions and restrictions of the Option granted to the Optionee and any shares acquired upon the exercise thereof.

(k) "Optionee" means a person who has been granted one or more Options.

(l) "Parent Corporation" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

(m) "Participating Company" means the Company or any Parent Corporation or Subsidiary Corporation.

(n) "Participating Company Group" means, at any point in time, all corporations collectively which are then Participating Companies.

(o) "Stock" means the common stock, without par value, of the Company, as adjusted from time to time in accordance with Section 4.2.

(p) "Subsidiary Corporation" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

2.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

### 3. Administration.

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3.1 Administration by the Board. The Plan shall be administered by the Board, including any duly appointed Committee of the Board. All questions of interpretation of the Plan or of any Option shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Option. Any officer of a Participating Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation, determination or election.

3.2 Powers of the Board. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its sole discretion:

(a) to determine the persons to whom, and the time or times at which, Options shall be granted and the number of shares of Stock to be subject to each Option;

(b) to determine the Fair Market Value of shares of Stock or other property;

(c) to determine the terms, conditions and restrictions applicable to each Option (which need not be identical) and any shares acquired upon the exercise thereof, including, without limitation, (i) the exercise price of the Option, (ii) the method of payment for shares purchased upon the exercise of the Option, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Option or such shares, including by the withholding or delivery of shares of stock, (iv) the timing, terms and conditions of the

exercisability of the Option or the vesting of any shares acquired upon the exercise thereof, (v) the time of the expiration of the Option, (vi) the effect of the Optionee's termination of employment or service with the Participating Company Group on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to the Option or such shares not inconsistent with the terms of the Plan;

(d) to approve one or more forms of Option Agreement;

(e) to amend, modify, extend, or renew, or grant a new Option in substitution for, any Option or to waive any restrictions or conditions applicable to any Option or any shares acquired upon the exercise thereof;

(f) to accelerate, continue, extend or defer the exercisability of any Option or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following an Optionee's termination of employment or service with the Participating Company Group;

(g) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions whose citizens may be granted Options; and

(h) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option Agreement and to make all other determinations and take such other actions with respect to the Plan or any Option as the Board may deem advisable to the extent consistent with the Plan and applicable law.

#### 4. Shares Subject to Plan.

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4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be Four Million (4,000,000) and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. If an outstanding Option for any reason expires or is terminated or canceled or shares of Stock acquired, subject to repurchase, upon the exercise of an Option are repurchased by the Company, the shares of Stock allocable to the unexercised portion of such Option, or such repurchased shares of Stock, shall again be available for issuance under the Plan.

4.2 Adjustments for Changes in Capital Structure. In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, appropriate adjustments shall be made in the number and class of shares subject to the Plan, and to any outstanding Options and in the exercise price per share of any outstanding Options. If a majority of the shares which are of the same class as the shares that are subject to outstanding Options are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event, as defined in

Section 8.1) shares of another corporation (the "New Shares"), the Board may unilaterally amend the outstanding Options to provide that such Options are exercisable for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise price per share of, the outstanding Options shall be adjusted in a fair and equitable manner as determined by the Board, in its sole discretion. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded up or down to the nearest whole number, as determined by the Board, and in no event may the exercise price of any Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. The adjustments determined by the Board pursuant to this Section 4.2 shall be final, binding and conclusive.

5. Eligibility. Options may be granted only to Employees and Consultants;

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provided, however, that no Option shall be granted to any person (including any officer or director) whose eligibility to receive an Option under the Plan at the time of grant would require the approval of the Company's stockholders pursuant to any applicable law, regulation or rule, including, without limitation, any rule applicable to the listing of the Company's securities on the Nasdaq National Market. For purposes of the foregoing sentence, "Employees" and "Consultants" shall include prospective Employees and prospective Consultants to whom Options are granted in connection with written offers of an employment or other service relationship with the Participating Company Group. Eligible persons may be granted more than one (1) Option

6. Terms and Conditions of Options. Options shall be evidenced by Option

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Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. Option Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 Exercise Price. The exercise price for each Option shall be established in the sole discretion of the Board; provided, however, that the exercise price per share for an Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code.

6.2 Exercise Period. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria, and restrictions as shall be determined by the Board and set forth in the Option Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, and (b) no Option granted to a prospective Employee or prospective Consultant may become exercisable prior to the date on which such person commences service with a Participating Company.

6.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company of shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the exercise price, (iii) by the assignment of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "Cashless Exercise"), (iv) by the Optionee's promissory note in a form approved by the Company, (v) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (vi) by any combination thereof. The Board may at any time or from time to time, by adoption of or by amendment to the standard form of Option Agreement described in Section 7, or by other means, grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) Tender of Stock. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company of shares of Stock to the extent such tender of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

(c) Cashless Exercise. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

(d) Payment by Promissory Note. No promissory note shall be permitted if the exercise of an Option using a promissory note would be a violation of any law. Any permitted promissory note shall be on such terms as the Board shall determine at the time the Option is granted. The Board shall have the authority to permit or require the Optionee to secure any promissory note used to exercise an Option with the shares of Stock acquired upon the exercise of the Option or with other collateral acceptable to the Company. Unless otherwise provided by the Board, if the Company at any time is subject to the regulations promulgated by the Board of Governors of the Federal Reserve System or any other governmental entity affecting the extension of credit in connection with the Company's securities, any promissory note shall comply with such applicable regulations, and the Optionee shall pay the unpaid principal and accrued interest, if any, to the extent necessary to comply with such applicable regulations.

6.4 Tax Withholding. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable upon the exercise of an Option, or to

accept from the Optionee the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the federal, state, local and foreign taxes, if any, required by law to be withheld by the Participating Company Group with respect to such Option or the shares acquired upon the exercise thereof. Alternatively or in addition, in its sole discretion, the Company shall have the right to require the Optionee, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise, to make adequate provision for any such tax withholding obligations of the Participating Company Group arising in connection with the Option or the shares acquired upon the exercise thereof. The Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to the Option Agreement until the Participating Company Group's tax withholding obligations have been satisfied by the Optionee.

## 7. Standard Forms of Option Agreement. -----

7.1 General. Unless otherwise provided by the Board at the time the Option is granted, an Option shall comply with and be subject to the terms and conditions set forth in the form of Option Agreement adopted by the Board concurrently with its adoption of the Plan and as amended from time to time.

7.2 Authority to Vary Terms. The Board shall have the authority from time to time to vary the terms of the standard form of Option Agreement described in this Section 7 either in connection with the grant or amendment of an individual Option or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Option Agreement shall be in accordance with the terms of the Plan.

## 8. Transfer of Control. -----

### 8.1 Definitions.

(a) An "Ownership Change Event" shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

(b) A "Transfer of Control" shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, the "Transaction") wherein the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting stock of the Company or the corporation or corporations to which the assets of the Company were transferred (the "Transferee Corporation(s)"), as the case may be. For purposes of the preceding sentence, indirect beneficial ownership shall include, without

limitation, an interest resulting from ownership of the voting stock of one or more corporations which, as a result of the Transaction, own the Company or the Transferee Corporation(s), as the case may be, either directly or through one or more subsidiary corporations. The Board shall have the right to determine whether multiple sales or exchanges of the voting stock of the Company or multiple Ownership Change Events are related, and its determination shall be final, binding and conclusive.

8.2 Effect of Transfer of Control on Options. In the event of a Transfer of Control, the surviving, continuing, successor, or purchasing corporation or parent corporation thereof, as the case may be (the "Acquiring Corporation"), may either assume the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options for the Acquiring Corporation's stock. The Board may, in its sole discretion, provide in any Option Agreement that in the event the Acquiring Corporation elects not to assume or substitute for outstanding Options in connection with a Transfer of Control (or regardless of whether the Acquiring Corporation so elects), any unexercisable or unvested portion of the outstanding Option shall be immediately exercisable and vested in full as of the date ten (10) days prior to the date of the Transfer of Control. The exercise or vesting of any Option that was permissible solely by reason of this Section 8.2 and the provisions of such Option Agreement shall be conditioned upon the consummation of the Transfer of Control. Any Options which are neither assumed or substituted for by the Acquiring Corporation in connection with the Transfer of Control nor exercised as of the date of the Transfer of Control shall terminate and cease to be outstanding effective as of the date of the Transfer of Control. Notwithstanding the foregoing, shares acquired upon exercise of an Option prior to the Transfer of Control and any consideration received pursuant to the Transfer of Control with respect to such shares shall continue to be subject to all applicable provisions of the Option Agreement evidencing such Option except as otherwise provided in such Option Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Options immediately prior to an Ownership Change Event described in Section 8.1(a)(i) constituting a Transfer of Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Options shall not terminate unless the Board otherwise provides in its sole discretion.

9. Nontransferability of Options. During the lifetime of the Optionee, an  
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Option shall be exercisable only by Optionee or the Optionee's guardian or legal representative. No Option shall be exercisable only by the shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution, except as provided in an Option Agreement.

10. Compliance with Securities Laws. The grant of Options and the issuance  
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of shares of Stock upon exercise of Options shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities. Options may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition,

no Option may be exercised unless (a) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (b) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of any Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

11. Indemnification. In addition to such other rights of indemnification as

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they may have as members of the Board or officers or employees of the Participating Company Group, members of the Board and any officers or employees of the Participating Company Group to whom authority to act for the Board is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

12. Termination or Amendment of Plan. The Board may terminate or amend the

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Plan at any time. However, no termination or amendment of the Plan may adversely affect any then outstanding Option or any unexercised portion thereof, without the consent of the Optionee, unless such termination or amendment is necessary to comply with any applicable law, regulation or rule.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS  
COVERING SECURITIES THAT HAVE BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED.\*

Extreme Networks, Inc.  
2001 Nonstatutory Stock Option Plan

This memorandum contains information regarding the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan, under which shares of common stock of Extreme Networks, Inc. (the "Company"), in any combination of authorized but unissued shares or reacquired shares, may be offered to eligible employees of the Company or any parent corporation, subsidiary corporation or affiliate of the Company (each a "Participating Company").

Upon written or oral request, the Company will provide without charge, to each person to whom a copy of this memorandum is delivered, a copy of the Company's Registration Statement by which the securities described in this memorandum are registered and copies of the documents that have been incorporated by reference in the Company's Registration Statement (not including exhibits to the documents that are incorporated by reference unless such exhibits are specifically incorporated by reference into the documents that the Registration Statement incorporates). Upon written or oral request, the Company will also provide without charge, to each person to whom a copy of this memorandum is delivered, an additional copy of this memorandum, a copy of the Company's annual report to stockholders for its latest fiscal year, and a copy of all reports, proxy statements and other communications distributed to its stockholders for its latest fiscal year and a copy of all reports, proxy statements and other communications distributed to its stockholders generally. Such requests should be directed to the Chief Financial Officer, Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, California 95051, (408) 579-2800. Alternatively, on the Securities and Exchange Commission's web site at <http://www.sec.gov>, you will find the Registration Statement, reports, proxy statements and other information regarding the Company that was filed electronically.

Except for the person set forth in the foregoing paragraph, no person has been authorized to give any information or make any representations, other than those contained in this prospectus, in connection with the Plan, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. This prospectus does not constitute an offering in any state in which such offering may not lawfully be made.

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\* Q&As 4, 22 and 35 OF THIS DOCUMENT DO NOT CONSTITUTE A PART OF A  
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PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED.  
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The date of this prospectus is October 22, 2001.  
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TABLE OF CONTENTS

	Page
	----
INTRODUCTION .....	1
ELIGIBILITY & PARTICIPATION .....	2
OPTION GRANTS .....	3
VESTING .....	3
OPTION EXERCISE .....	4
EMPLOYMENT STATUS .....	6
TERMINATING SERVICE WITH THE COMPANY .....	6
STOCKHOLDER RIGHTS .....	7
TRANSFER OF CONTROL OF THE COMPANY .....	8
STOCK SALES .....	9
TAX IMPLICATIONS OF NONSTATUTORY STOCK OPTIONS .....	9
FEDERAL SECURITIES LAWS AFFECTING PARTICIPANTS .....	11
PLAN ADMINISTRATION .....	12
AMENDMENT OR TERMINATION OF THE PLAN .....	13
OTHER INFORMATION .....	13

Questions & Answers About

Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan

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The purpose of this prospectus is to provide you with a summary of the terms of the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan (the "Plan"). Should any inconsistency exist between the following description and the actual terms of the Plan or your Stock Option Agreement, the terms of the Plan and your Stock Option Agreement control.

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INTRODUCTION

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1. What is the purpose of the Plan?

The Company adopted the Plan to attract, retain and reward selected employees of and consultants to the Company or any parent corporation, subsidiary corporation or affiliate, and to motivate them to contribute to the growth and profitability of the Company. Under the Plan, the Company may grant nonstatutory stock options to purchase the common stock of the Company at a specified price to any such employees and consultants as may be selected by the Company's board of directors (the "Board").

2. What is a stock option?

A stock option gives the option holder the right to purchase a specified number of shares within a specified time period at a price determined at the time the option is granted. The exact number and the price of shares you are entitled to purchase under the option granted to you is set forth in your Notice of Grant of Stock Options (the "Notice") and Stock Option Agreement (the "Option Agreement").

3. What is a nonstatutory stock option?

The Plan authorizes only nonstatutory stock options. The Plan is not intended to qualify as an "incentive stock option plan" under Section 422 of the Internal Revenue Code of 1986, as amended. A nonstatutory stock option is one that does not provide the special tax treatment accorded to incentive stock options. See Q&A 36 through 43 regarding the major federal income tax consequences of a nonstatutory stock option.

4. What are the benefits of receiving a stock option?

If the value of the Company increases, then the value of the Company's stock and the value of your option will increase proportionately. Since your option gives you the right to purchase shares of the Company's stock at a fixed price during the period specified in your Notice, you may ultimately profit from any increase in the value of the stock. If you

choose to exercise your option, then, as a stockholder, you will become a part owner of the Company and will have the right to receive any dividends paid on your stock and all communications sent to the Company's common stockholders, attend all stockholder meetings and vote upon all matters presented to the stockholders at such meetings. However, once you purchase shares, you also bear the risk of price declines.

5. What is the total number of shares that may be issued under the Plan?

A total of 4,000,000 shares of the Company's common stock are reserved for issuance under the Plan. The shares may be authorized but unissued shares, or reacquired shares, including shares purchased on the open market.

6. What happens if there is a change in the Company's capital structure?

If there is a change in the Company's capital structure, the Company will make appropriate adjustments to the number and class of shares subject to the Plan and your outstanding options, and to the purchase price under your outstanding options. A "change in the Company's capital structure" includes: a stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification, or similar change affecting the Company's shares.

7. Is the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA")?

No. The Plan is not subject to ERISA.

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ELIGIBILITY & PARTICIPATION  
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8. Am I eligible to receive options under the Plan?

You are eligible to receive options under the Plan if you are a current or prospective (pursuant to a written offer of employment or engagement) employee of or consultant to the Company or any parent corporation or subsidiary corporation of the Company (the "Participating Company Group"). However, if you are an officer or a director of the Company, you are not eligible to receive any options under the Plan to the extent that your participation is prohibited under the Nasdaq National Market listing requirements.

9. Do I need to enroll in the Plan?

No. You do not need to enroll in the Plan in order to receive stock options under the Plan. The decision to grant or not to grant options to any otherwise eligible person is solely within the discretion of the Board or a committee of the Board. However, the Board may not grant options to any person whose participation in the Plan would require the approval of the Company's stockholders under any applicable law, regulation or rule.

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OPTION GRANTS

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10. What is the Date of Option Grant?

The "Date of Option Grant" is the day that the Company grants you an option to purchase the Company's common stock unless the Board specifies a later effective date. Your Date of Option Grant is stated in your Notice.

11. How many shares does my option cover?

The number of shares covered by each option is determined by the Board at its discretion. If you are granted an option, the number of shares subject to your option is stated in your Notice.

12. What is the Option Expiration Date?

The "Option Expiration Date" is the last day on which you may exercise your option, unless your option has terminated on an earlier date due to your termination of service or other events described in your Notice. Unless otherwise stated in your Option Agreement, the Option Expiration Date is the date ten (10) years after your Date of Option Grant.

13. Must I sign a Stock Option Agreement?

Yes. No option is valid or a binding obligation of the Company unless evidenced by a fully executed Notice.

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VESTING

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14. What are the vesting provisions of my option?

Your Notice states the rate at which your option vests and becomes exercisable.

15. Does my termination from service affect the vesting of my option?

Yes. Generally, upon your termination of service, your vesting will stop and the vested percentage of your option will depend on your length of service at the date of your termination.

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OPTION EXERCISE

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16. What is my option exercise date or purchase date?

The exercise date is the day that you exercise your option to purchase shares of the Company's common stock.

17. When may I exercise my option?

You may exercise your option on and after the date stated in your Notice and prior to the Option Expiration Date. If you were granted an option as a prospective employee or prospective consultant, you may not in any event exercise your option prior to the date on which your service commences.

18. How many shares may I purchase?

When you exercise your option, you may purchase up to a number of shares equal to the number of shares subject to your option multiplied by your vested percentage, less the number of shares you previously acquired by exercising your option. See Q&A 12 for a discussion of the Option Expiration Date.

19. How do I exercise my option?

To exercise your option you must give written notice to the Company and pay the exercise price for the shares you are purchasing. The notice must state your election to exercise the option, the number of whole shares of the Company stock you are purchasing and any other information required by your Option Agreement. You must sign the written notice and deliver it in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group. You must deliver the written notice and your exercise price payment prior to the termination of the option. The option is deemed to be exercised upon receipt by the Company of such written notice, the aggregate exercise price and tax withholding obligations, if any. See Q & A 21 for authorized forms of payment.

20. What is the exercise price of my option?

The exercise price of your option is stated in your Notice. This price was established in the sole discretion of the Board, when your option was granted, and, under the terms of the Plan, had to be set at no less than the "fair market value" of a share of the Company common stock on the Date of Option Grant. The "fair market value" for this purpose is generally the closing sale price of a share on the applicable date as quoted on the Nasdaq National Market and reported in The Wall Street Journal.

21. How do I pay for the stock when I exercise my option?

Generally, you may pay the exercise price using any combination of the following methods:

1. Cash, check, or cash equivalent.
2. By tender to the Company, or attestation to the ownership, of shares of the Company common stock you own which have a fair market value not less than the exercise price. This method of payment may not be used if it would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. In addition, this method of payment may not be used unless you either have owned the tendered shares for more than six (6) months or did not acquire the shares directly or indirectly from the Company.
3. A "cashless exercise." A "cashless exercise" means the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the option. A form of cashless exercise is often referred to as "same-day sale." the Company retains the right to establish, decline to approve or terminate any program or procedures for the exercise of options by means of a cashless exercise.
4. By a promissory note in form approved by the Company. This method of payment is in the Company's sole discretion at the time the Option is exercised and may not be used if it would constitute a violation of the provisions of any law or regulation.

The Board may at any time or from time to time grant options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

22. Will I receive stock certificates for the shares that I purchase?

Except in the case where you pay the exercise price by means of a cashless exercise, you will receive a certificate for the shares you have purchased that will be registered in your name, or, if applicable, in the names of your heirs. The Company is not required to issue fractional shares upon the exercise of an option.

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EMPLOYMENT STATUS

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23. If I receive an option under the Plan will it affect the terms of my employment?

No. Unless you have a written employment contract with the Company providing otherwise, your employment is "at-will." This means that either you or your employer has the right to end your employment relationship at any time, for any reason, with or without cause. If you receive an option under the Plan, it will not affect your "at-will" relationship with the Company.

24. What happens if I take a leave of absence?

Generally, if you take any military leave, sick leave, or other bona fide leave of absence approved by the Company, your service for Plan purposes will continue. However, if such a leave exceeds 90 days, your service will be deemed to have terminated on the 91st day of such leave unless your right to return to service with the Participating Company Group is guaranteed by statute or contract. Unless otherwise provided, your leave of absence will not be treated as service for the purposes of determining vesting under your Option Agreement.

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TERMINATING SERVICE WITH THE COMPANY

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25. What service counts for purposes of the Plan?

"Service" for Plan purposes means your employment or service with the Participating Company, whether in the capacity of an employee or a consultant. Your service will not be deemed terminated merely because of a change in the capacity of the service you render to the Participating Company or a change in the Participating Company for which you render such service, provided there is no interruption or termination of your service. Subject to the terms of the Plan and your Option Agreement, the Company will have the discretion to determine if and when your service has terminated for purposes of the Plan.

26. What happens to my option if my service terminates?

The effect of your termination of service is specified in your Option Agreement. With certain exceptions described below, if your service terminates, you will generally have thirty (30) days from the date of your termination of service (but in no event later than the Option Expiration Date) in which to exercise the vested portion of your option.

If your service terminates due to your disability or death, you (or your estate) have twelve (12) months following termination (but in no event later than the Option Expiration Date) to exercise the vested portion of your option.

If the exercise of your option within the applicable time periods set forth above is prevented by securities law, your option will remain exercisable until one (1) month after the date you are notified by the Company that the Option is exercisable (but in no event later than the Option Expiration Date).

If a sale within the applicable time periods set forth above of shares acquired by the exercise of your option will subject you to a suit under Section 16(b) of the Exchange Act, your exercise period may be extended until the earliest of (i) the 10th day following the date on which a sale of such shares would no longer be subject to suit, (ii) the 190th day after your termination of service, or (iii) the Option Expiration Date. See Q&A 12 for the meaning of Option Expiration Date.

27. What happens to my shares if my service with the Company terminates?

You are entitled to retain ownership of any vested shares you have purchased until such time as you decide to sell them. Generally, your option will terminate and you will forfeit any shares that have not vested or not exercised as of the date your option terminates.

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#### STOCKHOLDER RIGHTS

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28. Do I become a stockholder when I receive an option?

No. You have no rights as a Company stockholder merely by virtue of being an option holder.

29. When do I have rights as a stockholder?

You have rights as a Company stockholder on the date you are issued the shares for which your option has been exercised, as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company.

30. What information do I receive as an option holder?

You will be given access to information concerning the Company equivalent to the information generally made available to the Company's common stockholders.

31. Can I assign or transfer my options?

Generally, no. During your lifetime, your options can only be exercised by you, your guardian or legal representative. You cannot transfer or assign any option, except by will or by the laws of descent and distribution.

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TRANSFER OF CONTROL OF THE COMPANY

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32. What is a "transfer of control"?

A "transfer of control" of the Company includes any of the following events in which the stockholders of the Company immediately before such event do not retain direct or indirect beneficial ownership of at least a majority of the beneficial interest in the voting stock of the Company or its successor:

- (1) A direct or indirect sale or exchange by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company.
- (2) A merger or consolidation in which the Company is a party.
- (3) The sale, exchange or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).
- (4) Liquidation or dissolution of the Company.

33. What happens to my option if there is a transfer of control?

If a transfer of control occurs, the surviving, continuing, successor, or purchasing corporation or parent corporation of any of these may assume the Company's rights and obligations under outstanding options or substitute for outstanding options substantially equivalent options for the acquiring corporation's stock. However, if the acquiring corporation does not assume or substitute for outstanding options, any unexercisable or unvested portion of the option shall terminate unless otherwise provided in your Option Agreement. The Board may, in its discretion, provide in any Option Agreement that, in the event of a transfer of control, the vesting of the outstanding option shall accelerate to such extent as specified in your Option Agreement.

Any option or portion thereof which is neither assumed or substituted for by the acquiring corporation nor exercised as of the date of the transfer control will terminate and cease to be outstanding effective as of the date of the transfer of control.

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STOCK SALES

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34. When may I sell the shares that I receive by exercising my option?

Generally, you may sell the shares that you receive at any time after the shares have been issued in your name. Before you sell any of your shares, you should discuss the tax implications of the sale with a tax advisor. See below, Tax Implications of Nonstatutory Stock Options.

35. Do I pay brokerage commissions on the purchase of shares under the Plan or when I subsequently sell such shares?

You will not pay any brokerage commissions when you exercise your option and purchase shares. However, you will be responsible for paying any brokerage commissions you incur on your subsequent sale of such shares.

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TAX IMPLICATIONS OF NONSTATUTORY STOCK OPTIONS

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The tax consequences arising in connection with options are complex and subject to change. The following summary is only a general guide to the current U.S. federal income tax consequences of nonstatutory options granted under the Plan and does not describe all such possible tax consequences or consequences associated with incentive stock options. In addition, your particular situation may be such that some variation of the general rules is applicable. For example, the following summary does not describe the tax consequences of certain transactions, such as if shares are used to exercise an option, if shares acquired by exercise of an option are sold to certain related parties, or if you acquire substantially identical shares within the 30-day period before or after your sale of shares acquired upon exercise of an option. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS PRIOR TO THE EXERCISE OF ANY OPTION AND PRIOR TO THE DISPOSITION OF ANY SHARES ACQUIRED UNDER THE PLAN.

36. Is the grant to me of a stock option a taxable event?

No. You do not receive taxable income merely because you are granted an option under the Plan.

37. Is my exercise of an option a taxable event?

Yes. You will receive taxable income as a result of your exercise of a nonstatutory stock option. Generally, the amount of that income is determined on your exercise date. At

that time, you will recognize ordinary income equal to the excess of the fair market value of the shares on the exercise date over the purchase price you pay for the shares. If you are an employee or former employee, that ordinary income is treated as wages subject to income and employment tax withholding.

38. Is my subsequent sale of shares acquired under the Plan a taxable event?

Yes. Your sale of any shares that you acquire under the Plan is a taxable event. At that time, you will recognize capital gain or loss equal to any additional gain or loss recognized in the disposition. That gain or loss is determined by the difference between the amount you realize on the sale of the shares and the fair market value of those shares on the option exercise date. The tax consequences of disposing of the shares will vary depending on how long you have held the shares.

39. What are long-term and short-term capital gains?

A capital gain or loss will be long-term if you hold the shares for more than 1 year after your purchase date and short-term if you hold the shares for 1 year or less after your purchase date. Currently, long-term capital gains are subject to a maximum federal income tax rate of 20%.

40. Will any amounts be withheld from my paycheck to cover my tax liability?

If you are an employee or former employee, when you purchase shares by exercising your option, you must make adequate provision for any federal, state, local or foreign tax withholding obligations. Generally, you will be required to pay directly to the Company or your employer the full amount of your tax withholding obligation at the time you exercise your option. If you exercise your option in a cashless exercise (same-day sale), you will be required to assign to the Company a portion of your share sale proceeds sufficient to pay your withholding tax. The Company may, but is not required to, withhold from your compensation the amount necessary to meet its tax withholding obligations. If you request, the Company may, but is not obligated to, withhold from the vested shares otherwise issuable to you on exercise of your option a number of whole shares having a fair market value on the exercise date not in excess of the minimum amount of tax required to be withheld by law. The Company will not be liable to you for any adverse tax consequences you suffer in connection with this share withholding procedure. The Company has no obligation to deliver shares of stock until you have satisfied the withholding obligation.

41. Will I owe any other taxes?

The above discussion is only a summary of certain aspects of the highly complex U.S. federal income tax rules applicable to nonstatutory options and does not deal with other taxes which may affect you, such as state and local income taxes, federal and state estate, gift and inheritance taxes and taxes of countries other than the United States of America. You should obtain and rely on the advice of your own tax advisor with respect to such matters.

42. Who can I talk to about my specific tax situation?

Since the tax implications of stock options can be complex and can vary by individual, we suggest that you contact your tax advisor with questions specific to your situation.

43. Does the Company receive a tax deduction?

The Company is generally entitled to a tax deduction equal to the ordinary income that you recognize under the rules discussed above, except to the extent such deduction is limited by applicable provisions of the Internal Revenue Code or the regulations thereunder.

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FEDERAL SECURITIES LAWS AFFECTING PARTICIPANTS

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44. What is Section 16(b)?

Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), permits the recovery by the Company of any profit realized by an "Insider" from each purchase and subsequent sale, or sale and subsequent purchase, of shares within any period of less than six months. An "Insider" for this purpose is any officer or director of the Company or person who is directly or indirectly the beneficial owner of more than 10% of any class of equity security of the Company that is registered under Section 12 of the Exchange Act. If you are an Insider, you should consult with the Company's general counsel or your own legal advisor prior to the disposition of any shares in order to ascertain the precise application to your particular situation of your reporting obligations and liability under Section 16(b).

45. What is Rule 10b-5?

Rule 10b-5 under the Exchange Act prohibits you from engaging in fraudulent practices in connection with the purchase or sale of securities. This rule generally prohibits you from buying or selling the Company's securities using material information about the Company which has not yet been released to the public. Before buying or selling any shares and, in particular, before selling shares acquired under the Plan, you should consult with the Company's general counsel regarding the applicability of any the Company "trading window" policies prohibiting trading in the Company's stock during specified periods of the year when material inside information is likely to be held prior to its release to the public.

46. What is Rule 144?

"Affiliates" of the Company are generally obligated to resell shares in compliance with Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"). Participants in the Plan with the power

to manage and direct the policies of the Company, relatives of such participants, and trusts, estates, corporations, or other organizations controlled by such participants may be deemed to be "Affiliates" of the Company.

Rule 144 requires that sales by Affiliates be effected in "broker transactions" (as defined in Rule 144), and limits the number of shares that may be sold in any 3-month period to no more than the greater of 1% of the outstanding shares or the average weekly reported volume of trading in shares during the 4 calendar weeks preceding the filing of the required notice of the proposed sale. Since the shares have been registered under the Securities Act, Affiliates selling shares in compliance with Rule 144 are not subject to the holding period requirements of Rule 144.

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PLAN ADMINISTRATION

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47. Who administers the Plan?

The Plan is administered by the Board and/or by a duly appointed committee having such powers as specified by the Board. All questions of interpretation of the Plan or of any option are determined by the Board, whose decisions are final and binding upon all persons having an interest in the Plan.

48. What is the term of the Board?

Directors hold office until the expiration of the term for which elected and until their successors are elected and qualified or until their earlier death, resignation or removal from office. Members of the Board receive no additional compensation for administering the Plan.

49. Does the Company have any role in administering the Plan?

Yes. While Board has overall authority for administering the Plan, the Company, acting through its officers, may from time to time establish, change or terminate rules, guidelines, policies, procedures, limitations or adjustments as deemed advisable by the Company, in its sole discretion, in the administration of the Plan.

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AMENDMENT OR TERMINATION OF THE PLAN

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50. Can the Plan be amended or terminated?

Yes. The Board may terminate or amend the Plan at any time. However, no termination or amendment of the Plan may adversely affect an option previously granted to you without your consent, unless such termination or amendment is necessary to comply with any applicable law, regulation or rule.

51. How long can the Plan remain in effect?

The Plan will remain in effect until either all shares available for issuance under the Plan have been issued or the Board terminates the Plan, whichever is earlier.

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OTHER INFORMATION

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52. Where can I get additional information?

You can get additional information about the Plan by contacting the Chief Financial Officer of the Company at 3585 Monroe Street, Santa Clara, California 95051, (408) 579-2800.

53. Can anyone at the Company provide me with tax advice?

No. Since the tax implications of your stock options can be complex and can vary by individual, you should contact your individual tax advisor with questions specific to your situation.

54. What documents are incorporated by reference in this prospectus?

The following documents and information previously filed by the Company with the Securities and Exchange Commission are incorporated by reference in this prospectus:

- . the Company's latest annual report on Form 10-K filed pursuant to Sections 13(a) or 15(d) of the Exchange Act, containing audited financial statements for the Company's latest fiscal year;
- . All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the registrant document referred to above;

- . The description of the Company's common stock contained in its Registration Statement on Form 8-A filed under the Exchange Act, including any amendment or report filed for the purpose of updating such description; and
- . All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this prospectus and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this prospectus and to be part hereof from the date of filing such documents.

EXTREME NETWORKS, INC.  
 STOCK OPTION AGREEMENT  
 2001 NONSTATUTORY STOCK OPTION PLAN

Extreme Networks, Inc. has granted to the individual (the "Optionee") named in the Notice of Grant of Stock Options (the "Notice") to which this Stock Option Agreement (the "Option Agreement") is attached an option (the "Option") to purchase certain shares of Stock upon the terms and conditions set forth in the Notice and this Option Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan (the "Plan"), as amended to the Date of Option Grant, the provisions of which are incorporated herein by reference. By signing the Notice, the Optionee: (a) represents that the Optionee has read and is familiar with the terms and conditions of the Notice, the Plan and this Option Agreement, (b) accepts the Option subject to all of the terms and conditions of the Notice, the Plan and this Option Agreement, (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Notice, the Plan or this Option Agreement, and (d) acknowledges receipt of a copy of the Notice, the Plan and this Option Agreement.

1. Definitions and Construction.  
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1.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Date of Option Grant" means the effective date of grant of the Option as set forth in the Notice.

(b) "Disability" means the permanent and total disability of the Optionee within the meaning of Section 22(e)(3) of the Code.

(c) "Exercise Price" means the purchase price per share of Stock as set forth in the Notice.

(d) "Number of Option Shares" means the total number of shares of Stock subject to the Option as set forth in the Notice.

(e) "Option Expiration Date" means the date ten (10) years after the Date of Option Grant.

(f) "Securities Act" means the Securities Act of 1933, as amended.

(g) "Service" means the Optionee's employment or service with the Participating Company Group, whether in the capacity of an Employee or a Consultant. The Optionee's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionee renders Service to the Participating Company Group or a change in the Participating Company for which the Optionee renders such Service, provided that there is no interruption or termination of the Optionee's Service. Furthermore, the Optionee's Service

with the Participating Company Group shall not be deemed to have terminated if the Optionee takes any military leave, sick leave, or other bona fide leave of absence approved by the Company; provided, however, that if any such leave exceeds ninety (90) days, on the ninety-first (91st) day of such leave the Optionee's Service shall be deemed to have terminated unless the Optionee's right to return to Service with the Participating Company Group is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, a leave of absence shall not be treated as Service for purposes of determining vesting under the Option Agreement. The Optionee's Service shall be deemed to have terminated either upon an actual termination of Service or upon the corporation for which the Optionee performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its sole discretion, shall determine whether the Optionee's Service has terminated and the effective date of such termination.

(h) "Vested Shares" means, on any relevant date, that portion of the Number of Option Shares which has vested in accordance with vesting schedule set forth in the Notice. Provided that the Optionee's Service has not terminated prior to the relevant date, an initial installment of shares will become Vested Shares on the initial "Full Vest" date set forth in the Notice, and thereafter the remaining shares will become Vested Shares in substantially equal installments at the periodic rate set forth in the Notice, with the last such installment vesting on the last "Full Vest" date set forth in the Notice.

1.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Option Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. Tax Status of Option.  
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This Option is intended to be a nonstatutory stock option, which is not intended to qualify as an incentive stock option within the meaning of Section 422(b) of the Code.

3. Exercise of the Option.  
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3.1 Right to Exercise. Except as otherwise provided herein, the Option shall be exercisable prior to the termination of the Option (as provided in Section 5) in an amount not to exceed the Vested Shares less the number of shares previously acquired upon exercise of the Option. In no event shall the Option be exercisable for more shares than the Number of Option Shares.

3.2 Method of Exercise. Exercise of the Option shall be by written notice to the Company which must state the election to exercise the Option, the number of whole shares of Stock for which the Option is being exercised and such other representations and agreements as to the Optionee's investment intent with respect to such shares as may be required pursuant to the provisions of this Option Agreement. The written notice must be signed by the Optionee and must be delivered in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the

Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group, prior to the termination of the Option as set forth in Section 5, accompanied by full payment of the aggregate Exercise Price for the number of shares of Stock being purchased. The Option shall be deemed to be exercised upon receipt by the Company of such written notice and the aggregate Exercise Price.

3.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the aggregate Exercise Price for the number of shares of Stock for which the Option is being exercised shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of whole shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the aggregate Exercise Price, (iii) by means of a Cashless Exercise, as defined in Section 3.3(b), or (iv) by any combination of the foregoing.

(b) Limitations on Forms of Consideration.

(i) Tender of Stock. Notwithstanding the foregoing, the Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender, or attestation to the ownership, of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. The Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

(ii) Cashless Exercise. A "Cashless Exercise" means the assignment in a form acceptable to the Company of the proceeds of a sale or loan with respect to some or all of the shares of Stock acquired upon the exercise of the Option pursuant to a program or procedure approved by the Company (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to decline to approve or terminate any such program or procedure. Generally, and without

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limiting the Company's absolute discretion, a "cashless exercise" will only be  
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permitted at such times in which the shares underlying this Option are publicly  
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traded.  
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3.4 Tax Withholding. At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll and any other amounts payable to the Optionee, and otherwise agrees to make adequate provision for (including by means of a Cashless Exercise to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Participating Company Group, if any, which arise in connection with the Option, including, without limitation, obligations arising upon (i) the exercise, in whole or in part, of the Option, (ii) the transfer, in whole or in part, of any shares acquired upon

exercise of the Option, (iii) the operation of any law or regulation providing for the imputation of interest, or (iv) the lapsing of any restriction with respect to any shares acquired upon exercise of the Option. The Optionee is cautioned that the Option is not exercisable unless the tax withholding obligations of the Participating Company Group are satisfied. Accordingly, the Optionee may not be able to exercise the Option when desired even though the Option is vested, and the Company shall have no obligation to issue a certificate for such shares.

3.5 Certificate Registration. Except in the event the Exercise Price is paid by means of a Cashless Exercise, the certificate for the shares as to which the Option is exercised shall be registered in the name of the Optionee, or, if applicable, the Optionee's heirs.

3.6 Restrictions on Grant of the Option and Issuance of Shares. The grant of the Option and the issuance of shares of Stock upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, the Option may not be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE OPTIONEE IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE OPTIONEE MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

3.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of the Option.

4. Nontransferability of the Option.  
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The Option may be exercised during the lifetime of the Optionee only by the Optionee or the Optionee's guardian or legal representative and may not be assigned or transferred in any manner except by will or by the laws of descent and distribution. Following the death of the Optionee, the Option, to the extent provided in Section 6, may be exercised by the Optionee's legal representative or by any person empowered to do so under the deceased Optionee's will or under the then applicable laws of descent and distribution.

5. Termination of the Option.  
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The Option shall terminate and may no longer be exercised on the first to occur of (a) the Option Expiration Date, (b) the last date for exercising the Option following termination of the Optionee's Service as described in Section 6, or (c) pursuant to a Transfer of Control, to the extent provided in the Plan.

6. Effect of Termination of Service.  
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6.1 Option Exercisability.

(a) Disability. If the Optionee's Service with the Participating Company Group is terminated because of the Disability of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee (or the Optionee's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date.

(b) Death. If the Optionee's Service with the Participating Company Group is terminated because of the death of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee's legal representative or other person who acquired the right to exercise the Option by reason of the Optionee's death at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date. The Optionee's Service shall be deemed to have terminated on account of death if the Optionee dies within ninety (90) days after the Optionee's termination of Service.

(c) Other Termination of Service. If the Optionee's Service with the Participating Company Group terminates for any reason, except Disability or death, the Option, to the extent unexercised and exercisable by the Optionee on the date on which the Optionee's Service terminated, may be exercised by the Optionee within ninety (90) days (or such other longer period of time as determined by the Board, in its sole discretion) after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date.

6.2 Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of the Option within the applicable time periods set forth in Section 6.1 is prevented by the provisions of Section 3.6, the Option shall remain exercisable until one (1) month after the date the Optionee is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date.

6.3 Extension if Optionee Subject to Section 16(b). Notwithstanding the foregoing, if a sale within the applicable time periods set forth in Section 6.1 of shares acquired upon the exercise of the Option would subject the Optionee to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such shares by the Optionee would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Optionee's termination of Service, or (iii) the Option Expiration Date. The Company makes no representation as to the tax consequences of any such delayed exercise.

7. Rights as a Stockholder, Employee or Consultant.  
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The Optionee shall have no rights as a stockholder with respect to any shares covered by the Option until the date of the issuance of a certificate for the shares for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 4.2 of the Plan. If the Optionee is an Employee, the Optionee understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Optionee, the Optionee's employment is "at will" and is for no specified term. Nothing in this Option Agreement shall confer upon the Optionee any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Optionee's Service as an Employee or Consultant, as the case may be, at any time.

8. Legends.  
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The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Optionee shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Optionee in order to carry out the provisions of this Section.

9. Restrictions on Transfer of Shares.  
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No shares acquired upon exercise of the Option may be sold, exchanged, transferred (including, without limitation, any transfer to a nominee or agent of the Optionee), assigned, pledged, hypothecated or otherwise disposed of, including by operation of law, in any manner which violates any of the provisions of this Option Agreement, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any shares which will have been transferred in violation of any of the provisions set forth in this Option Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares will have been so transferred.

10. Binding Effect.  
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Subject to the restrictions on transfer set forth herein, this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

11. Termination or Amendment.  
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The Board may terminate or amend the Plan or the Option at any time; provided, however, that except in connection with a Transfer of Control, no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Optionee unless such termination or amendment is necessary to comply with any

applicable law or government regulation. No amendment or addition to this Option Agreement shall be effective unless in writing.

12. Notices.

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Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Option Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail, with postage and fees prepaid, addressed to the other party at the address shown on the Notice or at such other address as such party may designate in writing from time to time to the other party.

13. Integrated Agreement.

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The Notice, this Option Agreement and the Plan constitute the entire understanding and agreement of the Optionee and the Participating Company Group with respect to the subject matter contained herein and therein and there are no agreements, understandings, restrictions, representations, or warranties among the Optionee and the Participating Company Group with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Notice and this Option Agreement shall survive any exercise of the Option and shall remain in full force and effect.

14. Applicable Law.

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This Option Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

Optionee: \_\_\_\_\_

Date: \_\_\_\_\_

EXERCISE NOTICE  
[Public Company/Registered Shares]

Extreme Networks, Inc.  
3585 Monroe Street  
Santa Clara, CA 95051-1450  
Attention: Chief Financial Officer

Ladies and Gentlemen:

1. Option. I was granted an option ("Option") to purchase shares of the  
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common stock of Extreme Networks, Inc. ("Company") pursuant to the Company's  
2001 Nonstatutory Stock Option Plan (the "Plan"), and a Notice of Grant of Stock  
Options and related Stock Option Agreement (collectively, the "Option  
Agreement") as follows:

Grant Number: \_\_\_\_\_

Date of Option Grant: \_\_\_\_\_

Number of Option Shares: \_\_\_\_\_

Exercise Price per Share: \$ \_\_\_\_\_

2. Exercise of Option. I hereby elect to exercise the Option to purchase  
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\_\_\_\_\_ shares of the Company's Common Stock (the "Shares"), all of which  
have vested in accordance with the Option Agreement.

3. Payment. I enclose payment in full or have made arrangements for  
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payment from the sales proceeds of the Shares of the total exercise price for  
the Shares in the following form(s), as authorized by my Option Agreement:

Cash: \$ \_\_\_\_\_

Check: \$ \_\_\_\_\_

Tender of Company shares: \$ \_\_\_\_\_

Cashless exercise (same-day-sale): \$ \_\_\_\_\_

4. Tax Withholding. I authorize payroll withholding and otherwise will  
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make adequate provision for federal, state, local and foreign tax withholding  
obligations of the

Company, if any, in connection with my exercise of the Option and my subsequent disposition of the Shares.

5. Optionee Information.

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My address is:

\_\_\_\_\_  
\_\_\_\_\_

My Social Security Number is: \_\_\_\_\_

I understand that I am purchasing the Shares pursuant to the terms of the Plan and my Option Agreement, copies of which I have received and carefully read and understand.

Very truly yours,

\_\_\_\_\_

Receipt of the above is hereby acknowledged.

EXTREME NETWORKS, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

