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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 8-K**

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**CURRENT REPORT**

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

Date of report (date of earliest event reported): February 1, 2010

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**EXTREME NETWORKS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-25711**  
(Commission File No.)

**77-0430270**  
(I.R.S. Employer  
Identification No.)

**3585 Monroe Street**  
**Santa Clara, California 95051**  
(Address of principal executive offices)

**Registrant's telephone number, including area code: (408) 579-2800**

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On February 1, 2010, Extreme Networks, Inc. issued a press release announcing its financial results for the quarter ended December 27, 2009. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

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

**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits.*

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99.1               | Press Release dated February 1, 2010 announcing the financial results of Extreme Networks, Inc. for the quarter ended December 27, 2009. |

**SIGNATURES**

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

Date: February 1, 2010

**EXTREME NETWORKS, INC.**

By: \_\_\_\_\_ /s/ BOB L. COREY  
Bob L. Corey  
Senior Vice President and Chief Financial Officer

FOR IMMEDIATE RELEASE

For more information, contact:

Extreme Networks  
Investor Relations  
408/579-3030  
[investor\\_relations@extremenetworks.com](mailto:investor_relations@extremenetworks.com)

Public Relations  
408/579-3483  
[gcross@extremenetworks.com](mailto:gcross@extremenetworks.com)

## EXTREME NETWORKS EXCEEDS REVENUE GUIDANCE FOR QUARTER

### Reports 27 Percent Sequential Product Revenue Growth

**SANTA CLARA, Calif.; February 1, 2010** – Extreme Networks, Inc. (Nasdaq: EXTR) today announced financial results for its 2010 fiscal second quarter ended December 27, 2009. For the quarter, net revenue was \$79.4 million, above the guidance for the quarter of \$76 to \$78 million. This represents a sequential increase in revenue of roughly 20 percent compared to revenue of \$66.3 million in the previous quarter and approximately a 9 percent decrease compared to revenue of \$87.5 million in the second quarter of last year.

Second quarter non-GAAP operating income was \$4.3 million or 5.4 percent of net revenue, compared to \$2.6 million or 3.0 percent of net revenue in the second quarter of last year. Additionally, non-GAAP net income was \$4.8 million or \$0.05 per diluted share, compared to non-GAAP net income of \$3.5 million or \$0.04 per diluted share in the second quarter of last year. Non-GAAP financial results exclude the impact of stock-based compensation and restructuring charges. A reconciliation of GAAP to non-GAAP financial measures is included in the accompanying financial tables.

“Operating under a simpler and more functional structure, we worked with our suppliers to resolve supply chain constraints and improved operational execution across the company,” said Bob L. Corey, CFO and acting President & CEO of Extreme Networks. “In early December, we announced our Data Center vision to help Customers migrate from the physical to the virtual to the cloud, all without forcing a technology or operating methodology on the Customer. In January, we announced the most current additions to our Data Center product line, the Black Diamond 8900 XL modules and the X480 stackable switches, both of which are expected to be available in Q3.”

For the second quarter, net revenue in North America was \$27.5 million, revenue in EMEA was \$37.8 million, and revenue in APAC was \$14.1 million. That compares to revenue of \$26.9 million in North America, \$ 28.1 million in EMEA, and \$11.4 million in APAC in the previous quarter.

Net loss on a GAAP basis for the second quarter was \$1.4 million or \$0.02 per diluted share, which included a restructuring charge of \$4.1 million and a charge of approximately \$2.0 million related to stock based compensation. The net loss this quarter of \$1.4 million compares to net income of \$2.5 million or \$0.03 per diluted share in the second quarter of last year. Operating loss on a GAAP basis for the second quarter was \$1.9 million, compared to operating income of \$1.6 million for the second quarter of last year.

#### **Conference Call and Slide Presentation**

Extreme Networks will host a conference call to discuss these results today at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time). The conference call may be heard by dialing 1-800-289-0459 (international callers dial 1-913-312-0725). A 48-hour replay will be available following the call by dialing 1-888-203-1112 (international callers dial 1-719-457-0820); the replay passcode is 1370354. In addition, a live webcast and replay of the call will be available at <http://investor.extremenetworks.com>.

PLEASE NOTE: throughout the conference call, the Company will refer to a slide presentation that will be posted in the Investor Relations section of the Company's website at <http://investor.extremenetworks.com>.

#### **Non-GAAP Financial Measures**

Extreme Networks provides all financial information required in accordance with generally accepted accounting principles (GAAP). To supplement our consolidated financial statements presented in accordance with GAAP, we are also providing with this press release non-GAAP net income. In preparing our non-GAAP information, we have excluded, where applicable, the impact of restructuring charges (a non-recurring charge) and share-based compensation (a non-cash charge). Because of the non-recurring and/or non-cash nature of these charges, we believe that excluding them provides both management and investors with additional insight into our current operations, the trends affecting the Company and the Company's marketplace performance. In

particular, management finds it useful to exclude these charges in order to more readily correlate the Company's operating activities with the Company's ability to generate cash from operations. Accordingly, management uses these non-GAAP measures, along with the comparable GAAP information, in evaluating our historical performance and in planning our future business activities. Please note that our non-GAAP measures may be different than those used by other companies. The additional non-GAAP financial information we present should be considered in conjunction with, and not as a substitute for, our financial information presented in accordance with GAAP. We have provided a non-GAAP reconciliation of the Consolidated Statement of Operations for the periods presented in this release, which are adjusted to exclude restructuring charges and share-based compensation expense for these periods. These measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures for comparable financial information and understanding of the Company's ongoing performance as a business. Extreme Networks uses both GAAP and non-GAAP measures to evaluate and manage its operations.

**Extreme Networks, Inc.**

Extreme Networks provides converged Ethernet networks that support data, voice and video for enterprises and service providers. The company's network solutions feature high performance, high availability and scalable switching solutions, that enable organizations to address real-world communications challenges and opportunities. Operating in more than 50 countries, Extreme Networks provides wired and wireless secure LANs, data center infrastructure and Service Provider Ethernet transport solutions that are complemented by global, 24x7 service and support. For more information, visit: <http://www.extremenetworks.com>

Extreme Networks is either a trademark or registered trademark of Extreme Networks, Inc. in the United States and/or other countries.

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This announcement contains forward-looking statements that involve risks and uncertainties, including statements regarding the Company's financial performance and supply chain constraints. Actual results could differ materially from those projected in the forward-looking statements as a

result of certain risk factors, including, but not limited to: a challenging macro-economic environment both in the United States and overseas; fluctuations in demand for the Company's products and services; a highly competitive business environment for network switching equipment; its effectiveness in controlling expenses, the possibility that the Company might experience delays in the development of new technology and products; customer response to its new technology and products; the timing of any recovery in the global economy; risks related to pending or future litigation, and a dependency on third parties for certain components and for the manufacturing of the Company's products. The Company undertakes no obligation to update the forward-looking information in this release. More information about potential factors that could affect the Company's business and financial results is included in its filings with the Securities and Exchange Commission, including, without limitation, under the captions: "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Risk Factors," which are on file with the Securities and Exchange Commission."

**EXTREME NETWORKS, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share amounts)

|   | <b>December 27,<br/>2009</b> | <b>June 28,<br/>2009</b> |
|---|------------------------------|--------------------------|
|   | <b>(unaudited)</b>           | <b>(1)</b>               |
| <b>ASSETS</b>   |                              |                          |
| Current assets:   |                              |                          |
| Cash and cash equivalents   | \$ 50,299                    | \$ 46,195                |
| Short-term investments  | 58,663                       | 8,976                    |
| Accounts receivable, net  | 40,598                       | 37,616                   |
| Inventories, net  | 16,645                       | 12,380                   |
| Deferred income taxes   | 337                          | 244                      |
| Prepaid expenses and other current assets, net  | 2,566                        | 4,368                    |
| Total current assets  | <u>169,108</u>               | <u>109,779</u>           |
| Property and equipment, net   | 43,848                       | 44,229                   |
| Marketable securities   | 26,463                       | 72,231                   |
| Other assets, net   | 15,538                       | 13,736                   |
| Total assets  | <u>\$ 254,957</u>            | <u>\$ 239,975</u>        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                              |                          |
| Current liabilities:  |                              |                          |
| Accounts payable  | \$ 22,181                    | \$ 12,771                |
| Accrued compensation and benefits   | 12,028                       | 12,320                   |
| Restructuring liabilities   | 4,392                        | 3,559                    |
| Accrued warranty  | 3,229                        | 3,170                    |
| Deferred revenue, net   | 31,884                       | 30,058                   |
| Deferred revenue, net of cost of sales to distributors  | 16,186                       | 9,821                    |
| Other accrued liabilities   | 16,133                       | 14,666                   |
| Total current liabilities   | <u>106,033</u>               | <u>86,365</u>            |
| Restructuring liabilities, less current portion   | 1,775                        | 3,519                    |
| Deferred revenue, less current portion  | 6,830                        | 7,425                    |
| Deferred income taxes   | 620                          | 564                      |
| Other long-term liabilities   | 559                          | 592                      |
| Commitments and contingencies   |                              | —                        |
| Stockholders' equity:   |                              |                          |
| Convertible preferred stock, \$.001 par value, issuable in series, 2,000,000 shares authorized; none issued   | —                            | —                        |
| Common stock, \$.001 par value, 750,000,000 shares authorized; 128,972,227 issued at December 27, 2009 (128,425,140 June 28, 2009) and capital in excess of par value | 129                          | 128                      |
| Treasury stock, 39,625,305 shares at December 27, 2009 and June 28, 2009  | (149,666)                    | (149,666)                |
| Additional paid-in-capital  | 952,802                      | 949,113                  |
| Accumulated other comprehensive income  | 2,124                        | 1,323                    |
| Accumulated deficit   | (666,249)                    | (659,388)                |
| Total stockholders' equity  | <u>139,140</u>               | <u>141,510</u>           |
| Total liabilities and stockholders' equity  | <u>\$ 254,957</u>            | <u>\$ 239,975</u>        |

(1) The information in this column is derived from the Company's consolidated balance sheet included in the Company's Annual Report on Form 10-K for the year ended June 28, 2009.



## EXTREME NETWORKS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)  
(unaudited)

|  | Three Months Ended   |                      | Six Months Ended     |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 27,<br>2009 | December 28,<br>2008 | December 27,<br>2009 | December 28,<br>2008 |
| <b>Net revenues:</b>                           |                      |                      |                      |                      |
| Product  | \$ 64,469            | \$ 72,580            | \$ 115,228           | \$ 146,929           |
| Service  | 14,928               | 14,968               | 30,478               | 30,145               |
| Total net revenues                             | <u>79,397</u>        | <u>87,548</u>        | <u>145,706</u>       | <u>177,074</u>       |
| <b>Cost of revenues:</b>                       |                      |                      |                      |                      |
| Product  | 27,199               | 31,411               | 50,917               | 61,544               |
| Service  | 6,426                | 7,446                | 12,248               | 15,407               |
| Total cost of revenues                         | <u>33,625</u>        | <u>38,857</u>        | <u>63,165</u>        | <u>76,951</u>        |
| <b>Gross profit:</b>                           |                      |                      |                      |                      |
| Product  | 37,270               | 41,169               | 64,311               | 85,385               |
| Service  | 8,502                | 7,522                | 18,230               | 14,738               |
| Total gross profit                             | <u>45,772</u>        | <u>48,691</u>        | <u>82,541</u>        | <u>100,123</u>       |
| <b>Operating expenses:</b>                     |                      |                      |                      |                      |
| Sales and marketing                            | 24,553               | 25,776               | 46,155               | 51,633               |
| Research and development                       | 12,422               | 13,924               | 26,032               | 30,529               |
| General and administrative                     | 6,517                | 7,412                | 13,755               | 15,851               |
| Restructuring, net                             | 4,145                | —                    | 3,633                | —                    |
| Total operating expenses                       | <u>47,637</u>        | <u>47,112</u>        | <u>89,575</u>        | <u>98,013</u>        |
| Operating (loss) income                        | (1,865)              | 1,580                | (7,034)              | 2,111                |
| Interest income                                | 388                  | 870                  | 710                  | 2,293                |
| Interest expense                               | (30)                 | (19)                 | (69)                 | (69)                 |
| Other income / (expense), net                  | (135)                | 768                  | (295)                | 1,316                |
| (Loss) income before income taxes              | (1,642)              | 3,199                | (6,688)              | 5,651                |
| Provision for income taxes                     | (263)                | 733                  | 173                  | 1,546                |
| Net (Loss) Income                              | <u>\$ (1,379)</u>    | <u>\$ 2,466</u>      | <u>\$ (6,861)</u>    | <u>\$ 4,105</u>      |
| <b>Basic and diluted net income per share:</b> |                      |                      |                      |                      |
| Net (loss) income per share - basic            | (0.02)               | 0.03                 | (0.08)               | 0.04                 |
| Net (loss) income per share - diluted          | (0.02)               | 0.03                 | (0.08)               | 0.04                 |
| Shares used in per share calculation - basic   | 89,059               | 88,323               | 88,951               | 99,823               |
| Shares used in per share calculation - diluted | 89,059               | 88,363               | 88,951               | 99,925               |

## EXTREME NETWORKS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)  
(unaudited)

|  | Six Months Ended     |                      |
|--|----------------------|----------------------|
|  | December 27,<br>2009 | December 28,<br>2008 |
| <b>Cash flows from operating activities:</b>   |                      |                      |
| Net (loss) income  | \$ (6,861)           | \$ 4,105             |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |                      |                      |
| Depreciation and amortization  | 3,023                | 2,745                |
| (Gain) / loss on value of option to put securities                                       | 47                   | (6,778)              |
| Mark to market, trading loss / (gain) on trading securities                              | (47)                 | 6,778                |
| Provision for doubtful accounts  | —                    | 56                   |
| Provision for excess and obsolete inventory  | 960                  | 819                  |
| Deferred income taxes  | (69)                 | 68                   |
| Loss on retirement of assets   | 78                   | 94                   |
| Stock-based compensation   | 3,158                | 1,396                |
| Restructuring, net   | 3,633                | —                    |
| Changes in operating assets and liabilities, net   |                      |                      |
| Accounts receivable  | (2,982)              | 19,504               |
| Inventories  | (5,216)              | (9,157)              |
| Prepaid expenses and other assets  | (3)                  | (928)                |
| Accounts payable   | 9,410                | 10,801               |
| Accrued compensation and benefits  | (290)                | (5,943)              |
| Restructuring liabilities  | (4,418)              | (1,329)              |
| Accrued warranty   | 60                   | (1,307)              |
| Deferred revenue, net  | 1,231                | 200                  |
| Deferred revenue, net of cost of sales to distributors                                   | 6,365                | 1,082                |
| Other accrued liabilities  | 2,154                | (4,398)              |
| Net cash provided by operating activities  | <u>10,233</u>        | <u>17,808</u>        |
| <b>Cash flows provided by (used in) investing activities:</b>                            |                      |                      |
| Capital expenditures   | (2,720)              | (3,334)              |
| Purchases of investments   | (18,958)             | (25,166)             |
| Proceeds from maturities of investments and marketable securities                        | 8,775                | 28,164               |
| Proceeds from sales of investments and marketable securities                             | 6,377                | 46,225               |
| Net cash (used in) provided by investing activities                                      | <u>(6,526)</u>       | <u>45,889</u>        |
| <b>Cash flows (used in) provided by financing activities:</b>                            |                      |                      |
| Proceeds from issuance of common stock   | 397                  | 1,614                |
| Repurchase of common stock, including expenses   | —                    | (101,363)            |
| Net cash provided by (used in) financing activities                                      | <u>397</u>           | <u>(99,749)</u>      |
| Net increase (decrease) in cash and cash equivalents                                     | <u>4,104</u>         | <u>(36,052)</u>      |
| <b>Cash and cash equivalents at beginning of period</b>                                  | 46,195               | 70,370               |
| <b>Cash and cash equivalents at end of period</b>  | <u>\$ 50,299</u>     | <u>\$ 34,318</u>     |

## EXTREME NETWORKS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

## GAAP TO NON-GAAP RECONCILIATION

(In thousands, except per share amounts)

(Unaudited)

|                                    | Three Months Ended   |                      | Six Months Ended     |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | December 27,<br>2009 | December 28,<br>2008 | December 27,<br>2009 | December 28,<br>2008 |
| Net (loss) income - GAAP Basis     | \$ (1,379)           | \$ 2,466             | \$ (6,861)           | \$ 4,105             |
| Non-GAAP adjustments               |                      |                      |                      |                      |
| Stock-based compensation expense   | \$ 2,030             | \$ 1,004             | \$ 3,166             | \$ 1,390             |
| Restructuring, net                 | \$ 4,145             | \$ —                 | \$ 3,633             | \$ —                 |
|                                    | \$ 6,175             | \$ 1,004             | \$ 6,799             | \$ 1,390             |
| Net income (loss) - Non-GAAP Basis | \$ 4,796             | \$ 3,470             | \$ (62)              | \$ 5,495             |
| Non-GAAP adjustments               |                      |                      |                      |                      |
| Cost of product revenue            | \$ 155               | \$ 75                | \$ 223               | \$ 10                |
| Cost of service revenue            | 146                  | 61                   | 221                  | 93                   |
| Sales and marketing                | 683                  | 328                  | 979                  | 503                  |
| Research and development           | 611                  | 311                  | 986                  | 462                  |
| General and administrative         | 435                  | 229                  | 757                  | 322                  |
| Restructuring, net                 | 4,145                | —                    | 3,633                | —                    |
| Total non-GAAP adjustments         | \$ 6,175             | \$ 1,004             | \$ 6,799             | \$ 1,390             |