UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from ______ to ______

Commission file number 000-25711

EXTREME NETWORKS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	**77-0430270**
[State or other jurisdiction of incorporation or organization]	**[I.R.S Employer Identification No.]**
145 Rio Robles, San Jose, California	**95134**
[Address of principal executive office]	**[Zip Code]**

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares of the Registrant's Common Stock, $.001 par value, outstanding at April 25, 2014 was 96,491,396.

EXTREME NETWORKS, INC.

FORM 10-Q
QUARTERLY PERIOD ENDED MARCH 31, 2014

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EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)
(Unaudited)

	March 31, 2014	June 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 71,355	$ 95,803
Short-term investments	34,700	43,034
Accounts receivable, net of allowances of $2,150 at March 31, 2014 and $1,252 at June 30, 2013	94,187	47,642
Inventories	63,142	16,167
Deferred income taxes	846	386
Prepaid expenses and other current assets	16,552	5,749
Total current assets	280,782	208,781
Property and equipment, net	47,209	23,644
Marketable securities	—	66,776
Intangible assets, net	97,205	4,243
Goodwill	64,537	—
Other assets	18,061	7,980
Total assets	$ 507,794	$ 311,424
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 28,875	$ —
Accounts payable	36,138	27,163
Accrued compensation and benefits	25,483	13,503
Restructuring liabilities	537	1,466
Accrued warranty	7,825	3,296
Deferred revenue, net	71,183	33,184
Deferred distributors revenue, net of cost of sales to distributors	24,217	17,388
Other accrued liabilities	26,326	16,502
Total current liabilities	220,584	112,502
Deferred revenue, less current portion	19,667	8,270
Long-term debt, less current portion	93,500	—
Other long-term liabilities	8,506	1,507
Commitments and contingencies (Note 9)		
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; 96,379,224 shares issued and outstanding at March 31, 2014 and 93,626,150 shares issued and outstanding at June 30, 2013	96	94
Additional paid-in-capital	837,499	821,331
Accumulated other comprehensive income (loss)	(76)	(1,377)
Accumulated deficit	(671,982)	(630,903)
Total stockholders' equity	165,537	189,145
Total liabilities and stockholders' equity	$ 507,794	$ 311,424

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Net revenues:				
Product	$ 109,891	$ 54,072	$ 290,001	$ 175,450
Service	31,871	14,131	74,260	44,431
Total net revenues	141,762	68,203	364,261	219,881
Cost of revenues:				
Product	58,703	25,206	153,112	85,059
Service	12,204	5,060	26,742	16,171
Total cost of revenues	70,907	30,266	179,854	101,230
Gross profit:				
Product	51,188	28,866	136,889	90,391
Service	19,667	9,071	47,518	28,260
Total gross profit	70,855	37,937	184,407	118,651
Operating expenses:				
Research and development	24,265	9,381	53,098	30,954
Sales and marketing	44,703	20,644	108,033	64,764
General and administrative	11,278	6,288	29,401	18,292
Acquisition and integration costs	6,443	—	18,826	—
Restructuring (credit) charge, net of reversals	(6)	1,076	499	6,242
Amortization of intangibles	7,666	—	11,444	—
Litigation settlement (income) expense	(100)	2,450	(100)	2,029
Gain on sale of facilities	—	—	—	(11,539)
Total operating expenses	94,249	39,839	221,201	110,742
Operating (loss) income	(23,394)	(1,902)	(36,794)	7,909
Interest income	156	256	603	786
Interest expense	(764)	—	(1,288)	—
Other expense, net	(146)	(165)	(1,338)	(814)
(Loss) income before income taxes	(24,148)	(1,811)	(38,817)	7,881
Provision for income taxes	910	409	2,262	1,392
Net (loss) income	$ (25,058)	$ (2,220)	$ (41,079)	$ 6,489
Basic and diluted net (loss) income per share:				
Net (loss) income per share – basic	$ (0.26)	$ (0.02)	$ (0.43)	$ 0.07
Net (loss) income per share – diluted	$ (0.26)	$ (0.02)	$ (0.43)	$ 0.07
Shares used in per share calculation – basic	96,069	92,968	95,116	94,069
Shares used in per share calculation – diluted	96,069	92,968	95,116	95,094

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Net (loss) income:	$ (25,058)	$ (2,220)	$ (41,079)	$ 6,489
Other comprehensive income, net of tax:				
Available for sale securities:				
Change in unrealized gains (losses) on available for sale securities, net of taxes	(95)	(55)	138	83
Reclassification of adjustment for realized net gains on available for sale securities included in net (loss) income	10	—	158	—
Net change in unrealized gains (losses) on available for sale securities, net of taxes	(85)	(55)	296	83
Net change in foreign currency translation adjustments	48	(150)	1,005	630
Other comprehensive income (loss)	(37)	(205)	1,301	713
Total comprehensive (loss) income	$ (25,095)	$ (2,425)	$ (39,778)	$ 7,202

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Nine Months Ended	
	March 31, 2014	March 31, 2013
Cash flows from operating activities:		
Net (loss) income	$ (41,079)	$ 6,489
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	7,767	3,389
Amortization of intangible assets	18,937	1,168
Provision for (recovery of) doubtful accounts	898	(556)
Stock-based compensation	9,874	5,625
Loss (gain) on disposition of long lived assets, net	922	(11,451)
Other non-cash charges	1,345	1,284
Changes in operating assets and liabilities, net		
Accounts receivable	(24,171)	(1,889)
Inventories	(13,313)	10,952
Prepaid expenses and other assets	(1,354)	1,363
Accounts payable	(5,404)	(9,101)
Accrued compensation and benefits	(1,764)	(2,526)
Restructuring liabilities	(929)	1,311
Deferred revenue	17,625	(708)
Other current and long term liabilities	29	1,653
Net cash (used in) provided by operating activities	(30,617)	7,003
Cash flows from investing activities:		
Capital expenditures	(17,384)	(4,422)
Acquisition, net of cash acquired	(180,000)	—
Purchases of investments	(9,045)	(40,113)
Proceeds from maturities of investments and marketable securities	26,722	13,867
Proceeds from sales of investments and marketable securities	56,594	12,478
Purchases of intangible assets	—	(335)
Proceeds from sales of facilities	—	42,659
Net cash (used in) provided by investing activities	(123,113)	24,134
Cash flows from financing activities:		
Borrowings under Revolving Facility	59,000	—
Borrowings under Term Loan	65,000	—
Repayment of Term Loan	(1,625)	—
Proceeds from issuance of common stock	6,296	2,539
Repurchase of common stock	—	(10,973)
Net cash provided by (used in) financing activities	128,671	(8,434)
Foreign currency effect on cash	611	293
Net (decrease) increase in cash and cash equivalents	(24,448)	22,996
Cash and cash equivalents at beginning of period	95,803	54,596
Cash and cash equivalents at end of period	$ 71,355	$ 77,592

See accompanying notes to the condensed consolidated financial statements.

EXTREME NETWORKS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The unaudited condensed consolidated financial statements of Extreme Networks, Inc. (referred to as the "Company" or "Extreme Networks") included herein have been prepared under the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted under such rules and regulations. The condensed consolidated balance sheet at June 30, 2013 was derived from audited financial statements as of that date but does not include all disclosures required by generally accepted accounting principles for complete financial statements. These interim financial statements and notes should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2013.

The unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations and cash flows for the interim periods presented and the financial condition of Extreme Networks at March 31, 2014. The results of operations for the three and nine months ended March 31, 2014 are not necessarily indicative of the results that may be expected for fiscal 2014 or any future periods.

On October 31, 2013, the Company completed the acquisition of Enterasys Networks, Inc., a Delaware corporation ("Enterasys"), whereby Enterasys became a wholly-owned subsidiary of the Company (see Note 2: Summary of Significant Accounting Policies - Business Combinations" and Note 4: "Business Combinations" for further discussion). The results of operations of Enterasys are included in the consolidated results of operations beginning October 31, 2013.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Company's revenue is primarily derived from the sale of networking products, which are tangible products containing software and non-software components that function together to deliver the tangible product's essential functionality. In addition to tangible products, the Company's sales arrangements may include other deliverables such as standalone software licenses, or service offerings. For multiple deliverable arrangements, the Company recognizes revenue in accordance with the accounting standard for multiple deliverable revenue arrangements, which provides guidance on whether multiple deliverables exist, how deliverables in an arrangement should be separated, and how consideration should be allocated. Software revenue recognition guidance is applied to the sales of the Company's standalone software products, including software upgrades and software that is not essential to the functionality of the hardware with which it is sold.

Pursuant to the guidance of the accounting standard for multiple deliverable revenue arrangements, when the Company's sales arrangements contain multiple elements, such as products, software licenses, maintenance agreements, or professional services, the Company determines the standalone selling price for each element based on a selling price hierarchy. The application of the multiple deliverable revenue accounting standard does not change the units of accounting for the Company's multiple element arrangements. Under the selling price hierarchy, the selling price for each deliverable is based on the Company's vendor-specific objective evidence ("VSOE"), which is determined by a substantial majority of the Company's historical standalone sales transactions for a product or service falling within a narrow range. If VSOE is not available due to a lack of standalone sales transactions or lack of pricing within a narrow range, then third party evidence ("TPE"), as determined by the standalone pricing of competitive vendor products in similar markets, is used, if available. TPE typically is difficult to establish due to the proprietary differences of competitive products and difficulty in obtaining reliable competitive standalone pricing information. When neither VSOE nor TPE is available, the Company determines its best estimate of standalone selling price ("ESP") for a product or service and does so by considering several factors including, but not limited to, the 12-month historical median sales price, sales channel, geography, gross margin objective, competitive product pricing, and product life cycle. In consideration of all relevant pricing factors, the Company applies management judgment to determine the Company's best estimate of selling price through consultation with and formal approval by the Company's management for all products and services for which neither VSOE nor TPE is available. Generally, the standalone selling price of services is determined using VSOE and the standalone selling price of other deliverables is determined by using ESP. The Company regularly reviews VSOE, TPE and ESP for all of its products and services and maintains internal controls over the establishment and updates of these estimates.

In accordance with the software revenue recognition accounting standard, the Company continues to recognize revenue for software using the residual method for its sale of standalone software products and other software that is not essential to the functionality of the hardware with which it is sold. After allocation of the relative selling price to each element of the arrangement, the Company recognizes revenue in accordance with the Company's policies for product, software, and service revenue recognition.

Business Combinations

The Company applies the acquisition method of accounting for business combinations, including its acquisition of Enterasys Networks, Inc. on October 31, 2013. Under this method of accounting, all assets acquired and liabilities assumed are recorded at their respective fair values at the date of the completion of the transaction. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, intangibles and other asset lives, among other items. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Market participants are assumed to be buyers and sellers in the principal (most advantageous) market for the asset or liability. Additionally, fair value measurements for an asset assume the highest and best use of that asset by market participants. As a result, the Company may have been required to value the acquired assets at fair value measures that do not reflect its intended use of those assets. Use of different estimates and judgments could yield different results. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Although the Company believes the assumptions and estimates it has made are reasonable and appropriate, they are based in part on historical experience and information that may be obtained from the management of the acquired company and are inherently uncertain. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations.

Goodwill

Goodwill is assessed for impairment annually or more frequently when an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying value. Goodwill is tested for impairment at the reporting unit level at the beginning of fourth quarter of the fiscal year and at least annually thereafter. To test goodwill for impairment, the Company first performs a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, the Company will then perform the two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. Under the two-step goodwill impairment test, the Company would, in the first step, compare the estimated fair value of a reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value, no impairment loss would be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the unit may be impaired. The amount, if any, of the impairment is then measured in the second step in which the Company determines the implied value of goodwill based on the allocation of the estimated fair value determined in the initial step to all assets and liabilities of the reporting unit.

Long-Lived Assets

Long-lived assets include property and equipment, and service inventory. Property and equipment assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets or asset groups may not be recoverable. If such facts and circumstances exist, the Company assesses the recoverability of these assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets or asset groups. The Company reduces the carrying value of service inventory to net realizable value based on excess and obsolete inventories which are primarily determined by age of inventory and future demand forecasts.

Intangible Assets

Intangibles assets are reviewed for impairment annually or more frequently when an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value. License agreements are presented at cost, net of accumulated amortization and are amortized over their estimated useful life. The in-process research and development efforts are monitored regularly for completion and once they are completed, the Company will determine whether the asset will continue to be an indefinite-lived asset or it has become a finite lived asset and apply the appropriate accounting accordingly. The Company determines that its in-process research and development project is complete when all material research and development costs have been incurred and no significant risks remain. The Company reviews the carrying value of indefinite-lived intangible assets for impairment at least annually during the last quarter of the fiscal year, or more frequently if it believes indicators of impairment exist.

3. Recently Issued Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2013-11, *Income Taxes (Topic 740)-Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ("ASU 2013-11"). This ASU provides guidance regarding the presentation in the statement of financial position of an unrecognized tax benefit when a net operating loss carryforward or a tax credit carryforward exists. The ASU generally provides that an entity's unrecognized tax benefit, or a portion of its unrecognized tax benefit, should be presented in its financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. The Company intends to adopt this standard prospectively in the first quarter of its fiscal year ending June 30, 2015. The Company does not believe this updated standard will have a material impact on its consolidated financial statements.

4. Business combinations

On October 31, 2013 (the "Acquisition Date"), the Company completed the acquisition of Enterasys, a privately held provider of wired and wireless network infrastructure and security solutions, for $180.0 million, net of cash acquired. The purchase price consideration was finalized in the quarter ended March 31, 2014. The Company also assumed outstanding options and restricted stock units of Enterasys at the Acquisition Date, all of which were unvested.

The acquisition has been accounted for using the acquisition method of accounting. The purchase price has been allocated on a preliminary basis to tangible and intangible assets acquired and liabilities assumed. The final purchase price allocation is pending the finalization of valuations, which may result in an adjustment to the preliminary purchase price allocation. Also, additional information which existed as of the acquisition date but was unknown to the Company at that time, may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the acquisition date, and may result in a change in the purchase price allocation. While management believes that its preliminary estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different valuations assigned to the individual assets acquired and liabilities assumed, and the resulting amount of goodwill.

The Company is in the process of finalizing the purchase price allocation and may make adjustments to the allocation during the period up to the date the allocation is finalized ("measurement period"). The following table below summarizes the preliminary allocation of the tangible and identifiable intangible assets acquired and liabilities assumed as of October 31, 2013, as well as the adjustments made in the quarter ended March 31, 2014 (in thousands):

	Preliminary Allocation as of December 31, 2013	Change during three months ended March 31, 2014		Preliminary Allocation as of March 31, 2014
Cash	$ 4,969	$ 2,428	a	$ 7,397
Receivables	25,699	(2,428)	a	23,271
Inventory	33,662	—		33,662
Other current assets	8,888	—		8,888
Property and equipment	23,122	(1,829)	b	21,293
Identifiable intangible assets	108,900	—	c	108,900
In-process research and development	3,000	—		3,000
Deferred tax assets	9	—		9
Other assets	7,343	—		7,343
Goodwill	57,922	6,615		64,537
Current liabilities	(75,394)	(1,315)	b,d,e	(76,709)
Other long-term liabilities	(13,151)	(1,043)	b	(14,194)
Total purchase price allocation	$ 184,969	$ 2,428		$ 187,397
Less: Cash acquired from acquisition	(4,969)	(2,428)	a	(7,397)
Total purchase price consideration, net of cash acquired	$ 180,000	$ —		$ 180,000

a. The Company finalized the working capital adjustment during the three months ended March 31, 2014, which led to a decrease of $2.4 million in receivables and a corresponding increase in cash. As a result of this adjustment, the

total cash acquired from the acquisition also increased by the same amount. The net effect of this adjustment is an increase in goodwill of $2.4 million.

b. The Company updated its preliminary estimate of the fair value of property and equipment which led to a decrease of $3.0 million in property and equipment with a corresponding increase in goodwill. The Company also updated the fair values of the asset retirement obligations and the related asset retirement assets which led to an increase in the fair value of property and equipment of $1.2 million and a corresponding increase in current liabilities and other long-term liabilities of $0.2 million and $1.0 million, respectively. The decrease in depreciation expense due to the change in fair value of property and equipment was immaterial for the quarter ended December 31, 2013.

c. During the three months ended March 31, 2014, there were no changes to the fair value of the identifiable intangible assets acquired. However, the Company revised the estimated useful life of Order backlog from 1.5 years to 1 year, which would have increased the amortization expense for the three months ended December 31, 2013 by $0.8 million to a total of $4.6 million amortization expense upon retrospective adjustment for such change in estimate.

d. The Company obtained new information regarding accruals for litigation and statutory tax assessment as of the acquisition date which led to an increase in the fair value of current liabilities of $0.7 million and a corresponding increase in goodwill.

e. The Company obtained new information regarding the existence of accrued liabilities as of the acquisition date which led to an increase in the fair value of accrued liabilities by $0.5 million with a corresponding increase in goodwill. The change in the fair value measurement for such accrued liabilities would have decreased operating expenses for three months ended December 31, 2013 by $0.5 million.

The measurement period adjustments above would have increased the reported net loss for the three month ended and six months ended December 31, 2013 by $0.4 million to $16.4 million. The Company does not believe that the measurement period adjustments have a significant impact on the condensed consolidated statement of operations, balance sheet or cash flows in any period and, therefore, we have not retrospectively adjusted our financial statements.

The purchase price has been allocated based on the preliminary estimates of the fair value of assets acquired and liabilities assumed as of the acquisition date. The Company also continues to analyze accounts receivables, inventory, other assets, current and long term liabilities and the tax implications of the acquisition of Enterasys which may ultimately impact the overall level of goodwill associated with the acquisition.

The following table presents details of the preliminary identifiable intangible assets acquired as part of the acquisition (in thousands):

Intangible Assets	Estimated Useful Life (in years)		Amount
Developed technology	3	$	45,000
Customer relationships	3		37,000
Maintenance contracts	5		17,000
Trademarks	3		2,500
Order backlog	1		7,400
Total identifiable intangible assets	3	$	108,900

The amortization for the developed technology is recorded in “Cost of revenues” for product and the amortization for the remaining intangibles is recorded in “Amortization of intangibles” on the condensed consolidated statement of operations. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of Enterasys. The Company anticipates both the goodwill and intangible assets to be fully deductible for tax purposes.

The Company also has an indefinite-lived asset of $3.0 million which represents the fair value of in-process research and development activities. The Company expects to complete such research and development efforts in the fourth quarter of fiscal 2014. Once the related research and development efforts are completed, the Company will determine whether the asset will continue to be an indefinite lived asset or it has become a finite lived asset and apply the appropriate accounting accordingly.

The results of operations of Enterasys are included in the consolidated results of operations beginning October 31, 2013. For the nine months ended March 31, 2014, $148.3 million of revenue and $27.5 million of operating income from Enterasys are included in the condensed consolidated statement of operations. The Company incurred $5.9 million of acquisition-related expenses for the nine months ended March 31, 2014. Such acquisition-related costs are included in

"Acquisition-integration expenses" on the condensed consolidated statement of operations. The costs, which the Company expensed as incurred, consist primarily of professional fees payable to financial and legal advisors.

Pro forma financial information

The following unaudited pro forma results of operations are presented as though the acquisition of Enterasys had occurred as of the beginning of the earliest period presented after giving effect to purchase accounting adjustments relating to inventories, deferred revenue, stock-based compensation for the options and restricted stock units assumed, depreciation and amortization on acquired property and equipment and intangibles, interest income and expense and related tax effects. The pro forma results of operations do not reflect the impact of non-recurring charges that have resulted from or in connection with the acquisition including acquisition and integration expenses incurred in connection with the acquisition. The pro forma results of operations are not necessarily indicative of the combined results that would have occurred had the acquisition been consummated as of the earliest period presented, nor are they necessarily indicative of future operating results.

The unaudited pro forma financial information for the nine months ended March 31, 2014 combines the results for Extreme for the nine months ended March 31, 2014, which include the results of Enterasys subsequent to the acquisition date, and the historical results for Enterasys for the three months ended September 30, 2013 and the month ended October 31, 2013. The unaudited pro forma financial information for the three and nine months ended March 31, 2013 combines the historical results for Extreme for those periods, with the historical results for Enterasys for the three and nine months ended March 31, 2013. The following table summarizes the pro forma financial information (in thousands, except per share amounts):

	Three Months Ended	Nine Months Ended	
	March 31, 2013	March 31, 2014	March 31, 2013
Net revenues	$ 137,936	$ 463,600	$ 465,535
Net loss	$ (21,166)	$ (63,410)	$ (35,999)
Net loss per share – basic and diluted	$ (0.23)	$ (0.66)	$ (0.38)

5. Balance Sheet Accounts

Cash, Cash Equivalents, Short-Term Investments and Marketable Securities

Summary of Cash and Available-for-Sale Securities (in thousands)

	March 31, 2014	June 30, 2013
Cash	$ 70,668	$ 41,518
Cash equivalents	$ 687	$ 54,285
Short-term investments	34,700	43,034
Marketable securities	—	66,776
Total available-for-sale	$ 35,387	$ 164,095
Total cash, cash equivalents and available for sale securities	$ 106,055	$ 205,613

Available-for-Sale Securities

The following is a summary of available-for-sale securities (in thousands):

	Amortized Cost	Fair Value	Unrealized Holding Gains	Unrealized Holding Losses
March 31, 2014				
Money market funds	$ 687	$ 687	$ —	$ —
U.S. corporate debt securities	34,579	34,700	121	—
	$ 35,266	$ 35,387	$ 121	$ —
Classified as:				
Cash equivalents	$ 687	$ 687	$ —	$ —
Short-term investments	34,579	34,700	121	—
	$ 35,266	$ 35,387	$ 121	$ —
June 30, 2013				
Money market funds	$ 54,285	$ 54,285	$ —	$ —
U.S. corporate debt securities	110,078	109,810	126	(394)
	$ 164,363	$ 164,095	$ 126	$ (394)
Classified as:				
Cash equivalents	$ 54,285	$ 54,285	$ —	$ —
Short-term investments	42,994	43,034	44	(4)
Marketable securities	67,084	66,776	82	(390)
	$ 164,363	$ 164,095	$ 126	$ (394)

The amortized cost and estimated fair value of available-for-sale investments in debt securities at March 31, 2014, by contractual maturity, were as follows (in thousands):

	Amortized Cost	Fair Value
Due in 1 year or less	$ 24,697	$ 24,803
Due in 1-2 years	7,553	7,568
Due in 2-5 years	3,016	3,016
Total investments in available for sale debt securities	$ 35,266	$ 35,387

The Company considers highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Investments with original maturities of greater than three months, but less than one year at the balance sheet date are classified as Short Term Investments. Investments with maturities of greater than one year at balance sheet date which the Company intends to hold for longer than one year are classified as Marketable Securities. Except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market funds, the Company diversifies its investments by limiting its holdings with any individual issuer.

Investments include available-for-sale investment-grade debt securities that the Company carries at fair value. The Company accumulates unrealized gains and losses on the Company's available-for-sale debt securities, net of tax, in accumulated other comprehensive income (loss) in the stockholders' equity section of its balance sheets. Such an unrealized gain or loss does not reduce net income for the applicable accounting period. If the fair value of an available-for-sale debt instrument is less than its amortized cost basis, an other-than-temporary impairment is triggered in circumstances where (1) the Company intends to sell the instrument, (2) it is more likely than not that the Company will be required to sell the instrument before recovery of its amortized cost basis, or (3) the Company does not expect to recover the entire amortized cost basis of the instrument (that is, a credit loss exists). If the Company intends to sell or it is more likely than not that the Company will be required to sell the available-for-sale debt instrument before recovery of its amortized cost basis, the Company recognizes an other-than-temporary impairment in earnings equal to the entire difference between the debt instruments' amortized cost basis and its fair value. For available-for-sale debt instruments that are considered other-than-temporarily impaired due to the existence of a credit loss, if the Company does not intend to sell and it is not more likely than not that the Company will be required to sell the instrument before recovery of its remaining amortized cost basis (amortized cost basis less any current-period credit loss), the Company separates the amount of

the impairment into the amount that is credit related and the amount due to all other factors. The credit loss component is recognized in earnings and is the difference between the debt instrument's amortized cost basis and the present value of its expected future cash flows. The remaining difference between the debt instrument's fair value and the present value of future expected cash flows is due to factors that are not credit related and is recognized in other comprehensive income.

The Company determines the basis of the cost of a security sold or the amount reclassified out of accumulated other comprehensive income (loss) into earnings using the specific identification method. As of March 31, 2014, five out of twenty investment securities had unrealized losses. For investments that were in an unrealized loss position as of March 31, 2014, the Company recorded an other-than-temporary impairment loss of $10,000 during the three months ended March 31, 2014 as the Company intends to sell such securities. The Company had previously recorded an other-than-temporary impairment loss of $148,000 during the six months ended December 31, 2013, accordingly the total impairments recorded during the nine months ended March 31, 2014 is $158,000 as compared to none for the nine months ended March 31, 2013.

Long-Lived Assets

On September 11, 2012, the Company completed the sale of its corporate campus and accompanying 16 acres of land in Santa Clara, California for net cash proceeds of approximately $44.7 million and realized a gain of approximately $11.5 million.

Goodwill and Intangibles

As part of the acquisition of Enterasys, the Company acquired $64.5 million in goodwill which has been allocated to the Company's only reportable segment, the development and marketing of network infrastructure equipment.

The following table reflects the changes in the carrying amount of goodwill (in thousands):

	Total
Balance as of September 30, 2013	$ —
Addition due to acquisition of Enterasys (Note 4)	57,922
Balance as of December 31, 2013	$ 57,922
Purchase price allocation adjustments	6,615
Balance as of March 31, 2014	$ 64,537

The following tables present details of the Company’s intangible assets (in thousands):

March 31, 2014	Weighted average remaining amortization period	Gross	Accumulated amortization	Net
Intangible assets with finite lives:				
Developed technology	2.4 years	$ 45,000	$ 6,736	$ 38,264
Customer relationships	2.6 years	37,000	5,139	31,861
Maintenance contracts	4.6 years	17,000	1,417	15,583
Trademarks	2.6 years	2,500	347	2,153
Order backlog	1.0 year	7,400	4,542	2,858
License agreements	10.9 years	10,447	7,971	2,476
Other intangibles	5.2 years	2,459	1,449	1,010
Total intangible assets with finite lives		121,806	27,601	94,205
In-process research and development, with indefinite life		3,000	—	3,000
Total		$ 124,806	$ 27,601	$ 97,205

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June 30, 2013	Weighted average remaining amortization period	Gross	Accumulated amortization	Net
Intangible assets with finite lives:				
License agreements	10.3 years	10,447	7,407	3,040
Other intangibles	5.8 years	2,459	1,256	1,203
Total intangible assets with finite lives		12,906	8,663	4,243

Amortization expense was $11.9 million and $18.9 million respectively, for the three and nine months ended March 31, 2014. Amortization expense was $0.4 million and $1.2 million respectively, for the three and nine months ended March 31, 2013. Of the total amount recognized, $4.4 million and $7.3 million for the three and nine months ended March 31, 2014 and $0.3 million and $1.0 million respectively for the three and nine months ended March 31, 2013, is included in "Cost of revenues for products" on the condensed consolidated statements of operations, while the remainder of the amortization expense is included in "Amortization of intangibles" on the condensed consolidated statement of operations. The amortization expense for developed technology, patents, license agreements and other intangibles is recognized in "Cost of revenues for products" on the condensed consolidated statement of operations. The estimated future amortization expense for finite lived intangibles to be recorded for each of the next five years is as follows (in thousands):

Fiscal year	Amount
2014 (remaining 3 months)	$ 9,540
2015	34,648
2016	31,286
2017	12,379
2018	3,682
2019	1,415
Thereafter	1,255
Total	$ 94,205

Deferred Revenue, Net

Deferred revenue, net represents amounts for (i) deferred services revenue (support arrangements, professional services and training), and (ii) deferred product revenue net of the related cost of revenue when the revenue recognition criteria have not been met. The following table summarizes deferred revenue, net at March 31, 2014 and June 30, 2013, respectively (in thousands):

	March 31, 2014	June 30, 2013
Deferred services	$ 84,206	$ 38,003
Deferred product and other revenue	6,644	3,451
Total deferred revenue	90,850	41,454
Less: current portion	71,183	33,184
Non-current deferred revenue, net	$ 19,667	$ 8,270

The Company offers for sale to its customers, renewable support arrangements, including extended warranty contracts that range from one to five years. Deferred support revenue is included within deferred revenue, net within the services category above. The change in the Company’s deferred support revenue balance in relation to these arrangements was as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Balance beginning of period	$ 81,485	$ 35,797	$ 38,003	$ 37,461
Assumed from acquisition	—	—	35,879	—
New support arrangements	30,986	14,431	77,475	41,745
Recognition of support revenue	(28,265)	(13,420)	(67,151)	(42,398)
Balance end of period	84,206	36,808	84,206	36,808
Less: current portion	64,539	28,801	64,539	28,801
Non-current deferred revenue	$ 19,667	$ 8,007	$ 19,667	$ 8,007

Deferred Distributors Revenue, Net of Cost of Sales to Distributors

The Company records revenue from its distributors on a sell-through basis, recording deferred revenue and deferred cost of sales associated with all sales transactions to its distributors in “Deferred distributors revenue, net of cost of sales to distributors” in the liability section of its condensed consolidated balance sheet. When the Company ships products to its distributors, legal title to the products passes to its distributors, and a legally enforceable obligation is created for the distributors to pay on a current basis. Therefore, the Company records a trade receivable at the contractual discount to the list selling price and relieves inventory for the cost of goods shipped to the distributor.

The amount shown as “Deferred distributors revenue, net of cost of sales to distributors” represents the deferred gross margin on sales to distributors based on contractual pricing. Distributors purchase products from the Company at a contractual discount based on geographic region and resell the Company's products at a very broad range of individually negotiated price points depending on competitive factors and other market conditions. A portion of the deferred revenue balance represents an amount of the distributors' original purchase price that will be remitted back to the distributors after resale transactions are reported to the Company. Therefore, the amount of gross margin the Company will recognize in future periods from distributor sales will be less than the deferred amount recorded for the original sale to the distributor as a result of the price concessions negotiated at the time of sell-through. The wide range and variability of negotiated price credits granted to distributors do not allow the Company to accurately estimate the portion of the balance in the deferred revenue that will be credited to the distributors in the future. Therefore, the Company does not reduce deferred revenue by anticipated future price credits; instead, price credits are recorded against revenue and accounts receivable when incurred, which is generally at the time the distributor sells the product.

The following table summarizes deferred distributors revenue, net of cost of sales to distributors at March 31, 2014 and June 30, 2013, respectively (in thousands):

	March 31, 2014	June 30, 2013
Deferred distributors revenue	$ 31,070	$ 22,411
Deferred cost of sales to distributors	(6,853)	(5,023)
Deferred distributors revenue, net of cost of sales to distributors	$ 24,217	$ 17,388

Debt

The Company's debt is comprised of the following:

	March 31, 2014
Current portion of long-term debt:	
Term Loan	4,875
Revolving Facility	24,000
Current portion of long-term debt	28,875
Long-term debt, less current portion:	
Term Loan	58,500
Revolving Facility	35,000
Total long-term debt, less current portion	93,500
Total debt	122,375

On October 31, 2013, the Company entered into a Credit Agreement (the "Credit Agreement") which provides for a $60 million five-year revolving credit facility (the "Revolving Facility") and a $65 million five-year term loan (the "Term Loan") and together with the Revolving Facility (the "Senior Secured Credit Facilities"). The proceeds from the Term Loan were used to pay a portion of the purchase price in the acquisition of all of the issued and outstanding capital stock of Enterasys. The company also drew $35 million of the Revolving Facility to pay a portion of the purchase price and subsequently drew $24 million in the third quarter of fiscal 2014 to fund working capital requirements. Such additional draw of $24 million was repaid as of the filing date of this Form 10-Q.

Borrowings under the Senior Secured Credit Facilities bear interest, at the Company's election, at a rate per annum equal to an agreed to applicable margin plus (a) the higher of (x) the prime rate in effect on such day or (y) the federal funds effective rate in effect on such day plus 0.50%, or (b) an adjusted Libor rate. In addition, the Company is required to pay a commitment fee of between 0.375% and 0.50% quarterly (currently 0.50%) on the unused portion of the Revolving Facility, also based on the Company's Consolidated Leverage Ratio. Principal installments are payable on the Term Loan in varying percentages quarterly starting December 31, 2013 and to the extent not previously paid, all outstanding balance to be paid at maturity. If not repaid before maturity, the draws on the Revolving Facility shall be repaid on the maturity date. The Senior Secured Credit Facilities are secured by substantially all of the Company's assets and are jointly and severally guaranteed by the Company and certain of its subsidiaries.

The Credit Agreement contains financial covenants that require the Company to maintain a minimum Consolidated Fixed Charge Coverage Ratio and a Consolidated Quick Ratio and a maximum Consolidated Leverage Ratio as well as several other covenants and restrictions that limit the Company's ability to incur additional indebtedness, create liens upon any of its property, merge, consolidate or sell all or substantially all of its assets, etc. These covenants, which are described more fully in the Credit Agreement, to which reference is made for a complete statement of the covenants, are subject to certain exceptions. The Company currently is in compliance with its covenants.

The Credit Agreement also includes customary events of default, including failure to pay principal, interest or fees when due, failure to comply with covenants, if any representation or warranty made by the Company is false or misleading in any material respect, certain insolvency or receivership events affecting the Company and its subsidiaries, the occurrence of certain material judgments, the occurrence of certain ERISA events, the invalidity of the loan documents or a change in control of the Company. The amounts outstanding under the Senior Secured Credit Facilities may be accelerated upon certain events of default.

Guarantees and Product Warranties

Upon issuance of a standard product warranty, the Company discloses and recognizes a liability for the obligation it assumes under the warranty. The following table summarizes the activity related to the Company's product warranty liability during the three and nine months ended March 31, 2014 and 2013:

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Balance beginning of period	$ 7,479	$ 2,971	$ 3,296	$ 2,871
Assumed from acquisition	—	—	3,732	—
New warranties issued	1,824	1,257	4,782	4,761
Warranty expenditures	(1,478)	(1,332)	(3,985)	(4,736)
Balance end of period	$ 7,825	$ 2,896	$ 7,825	$ 2,896

The Company's standard hardware warranty period is typically 12 months from the date of shipment to end-users and 90 days for software. For certain access products, the Company offers a limited lifetime hardware warranty commencing on the date of shipment from the Company and ending five (5) years following the Company's announcement of the end of sale of such product. Upon shipment of products to its customers, the Company estimates expenses for the cost to repair or replace products that may be returned under warranty and accrues a liability in cost of product revenue for this amount. The determination of the Company's warranty requirements is based on actual historical experience with the product or product family, estimates of repair and replacement costs and any product warranty problems that are identified after shipment. The Company estimates and adjusts these accruals at each balance sheet date in accordance with changes in these factors.

In the normal course of business to facilitate sales of its products, the Company indemnifies its resellers and end-user customers with respect to certain matters. The Company has agreed to hold the customer harmless against losses arising from a breach of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. It is not possible to estimate the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these agreements have not had a material impact on its operating results or financial position.

Concentrations

The Company may be subject to concentration of credit risk as a result of certain financial instruments consisting principally of marketable investments and accounts receivable. The Company has placed its investments with high-credit quality issuers. The Company does not invest an amount exceeding 10% of its combined cash, cash equivalents, short-term investments and marketable securities in the securities of any one obligor or maker, except for obligations of the United States government, obligations of United States government agencies and money market accounts.

The following table sets forth major customers accounting for 10% or more of our net revenue:

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Tech Data	16%	11%	12%	*
Westcon Group Inc.	14%	19%	13%	10%
Scansource, Inc.	*	10%	*	*

* Less than 10% of revenue

6. Fair Value Measurements

The following table presents the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis:

March 31, 2014	Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets				
Investments:				
Money market funds	$ 687	$ —	$ —	$ 687
Corporate notes/bonds	—	34,700	—	34,700
Foreign currency forward contracts	—	7	—	7
Total	$ 687	$ 34,707	$ —	$ 35,394

June 30, 2013	Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets				
Investments:				
Money market funds	$ 54,285	$ —	$ —	$ 54,285
Corporate notes/bonds	—	109,810	—	109,810
Foreign currency forward contracts	—	21	—	21
Total	$ 54,285	$ 109,831	$ —	$ 164,116

Level 2 investment valuations are based on inputs such as quoted market prices of similar instruments, dealer quotations or valuations provided by alternative pricing sources supported by observable inputs. These generally include U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, and state, municipal and provincial obligations. There were no transfers of assets or liabilities between Level 1 and Level 2 during the three and nine months ended March 31, 2014. There were no liabilities as of March 31, 2014 that were being measured using fair value on a recurring basis.

7. Share-based Compensation

Share-based compensation expense recognized in the condensed consolidated financial statements by line item caption is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cost of product revenue	$ 268	$ 118	$ 568	$ 413
Cost of service revenue	420	61	623	304
Research and development	1,419	268	2,559	988
Sales and marketing	1,765	756	3,614	2,051
General and administrative	970	638	2,510	1,869
Total share-based compensation expense	$ 4,842	$ 1,841	$ 9,874	$ 5,625

During the three and nine months ended March 31, 2014 and 2013, the Company did not capitalize any stock-based compensation expense in inventory, as the amounts were immaterial. The income tax benefit for share-based compensation expense was immaterial in the three and nine months ended March 31, 2014 and 2013.

The weighted-average grant-date per share fair value of options granted during the three months ended March 31, 2014 and 2013 was $2.71 and $1.72, respectively. The weighted-average estimated per share fair value of shares purchased under the Company's 1999 Employee Stock Purchase Plan ("ESPP") during the three months ended March 31, 2014 and 2013 was $1.62 and $0.86, respectively.

The weighted-average grant-date per share fair value of options granted during the nine months ended March 31, 2014 and 2013 was $2.39 and $2.71, respectively. The weighted-average estimated per share fair value of shares purchased under the ESPP during the nine months ended March 31, 2014 and 2013 was $1.44 and $0.88, respectively.

The following table summarizes stock option activity under all plans for the nine months ended March 31, 2014:

	Number of Shares (000's)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (000's)
Options outstanding at June 30, 2013	9,145	$ 3.66		
Granted	6,097	$ 5.22		
Exercised	(1,676)	$ 3.60		$ 1,036
Cancelled	(1,323)	$ 4.92		
Options outstanding at March 31, 2014	12,243	$ 4.31	5.50	$ 18,367
Exercisable at March 31, 2014	3,926	$ 3.78	3.80	$ 8,040
Vested and expected to vest at March 31, 2014	11,247	$ 4.28	5.42	$ 17,301

Included in the options granted above are 4.2 million options, assumed in connection with the acquisition of Enterasys on October 31, 2013, with an exercise price of $5.30.

Stock Awards

Stock awards may be granted under the 2013 Plan on terms approved by the Board of Directors. Stock awards generally provide for the issuance of restricted stock which vests over a fixed period.

The following table summarizes stock award activity for the nine months ended March 31, 2014:

	Number of Shares (000's)	Weighted-Average Grant-Date Fair Value	Aggregate Fair Market Value ($000's)
Non-vested stock outstanding at June 30, 2013	2,686	$ 3.09	
Granted	5,037	$ 5.56	
Vested	852	$ 3.51	$ 4,982
Cancelled	515	$ 2.62	
Non-vested stock outstanding at March 31, 2014	9,090	$ 4.47	

Included in the restricted stock units granted above are 2.7 million restricted stock units assumed in connection with the acquisition of Enterasys on October 31, 2013, with an acquisition-date fair value of $5.30.

Excluding the options assumed as part of the Enterasys acquisition, the fair value of each option award and share purchase option under the Company's ESPP is estimated on the date of grant using the Black-Scholes-Merton option valuation model with the weighted average assumptions noted in the following table.

The Company uses the Monte-Carlo simulation model to determine the fair value and the derived service period of performance-based option awards, with market conditions, on the date of the grant. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination behavior. The expected term of ESPP represents the contractual life of the ESPP purchase period. The risk-free rate based upon the estimated life of the option and ESPP is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on both the implied volatilities from traded options on the Company's stock and historical volatility on the Company's stock.

	Stock Option Plan		Employee Stock Purchase Plan		Stock Option Plan		Employee Stock Purchase Plan	
	Three Months Ended		Three Months Ended		Nine Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Expected life	5 years	4 years	0.25 years	0.25 years	4 years	5 years	0.25 years	0.25 years
Risk-free interest rate	1.41%	0.72%	0.09%	0.10%	1.23%	0.71%	0.10%	0.07%
Volatility	57%	62%	57%	42%	56%	60%	51%	53%
Dividend yield	—%	—%	—%	—%	—%	—%	—%	—%

The Company is required to estimate the expected forfeiture rate and only recognize expense on a straight-line method for those shares expected to vest.

8. Common Stock Repurchases

On September 28, 2012, the Company's Board of Directors approved a share repurchase program for a maximum of $75 million which may be purchased over a three year period in the open market or in privately negotiated transactions. Since the inception of the program, 4.1 million shares have been repurchased for a total purchase price of $14.5 million and $60.5 million of the authorized amount is remaining. All repurchased shares will be retired and included in the Company's authorized but unissued shares. During the three and nine months ended March 31, 2014, the Company did not repurchase any shares of common stock.

9. Commitments and Contingencies

Purchase Commitments

The Company currently has arrangements with contract manufacturers and suppliers for the manufacture of its products. The arrangements allow them to procure long lead-time component inventory based upon a rolling production forecast provided by the Company. The Company is obligated to the purchase of long lead-time component inventory that its contract manufacturer procures in accordance with the forecast, unless the Company gives notice of order cancellation outside of applicable component lead-times. As of March 31, 2014, the Company had non-cancelable commitments to purchase approximately $52.5 million of such inventory.

Legal Proceedings

The Company may from time to time be party to litigation arising in the course of its business, including, without limitation, allegations relating to commercial transactions, business relationships or intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources. Litigation in general and intellectual property and securities litigation in particular, can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings are difficult to predict.

In accordance with applicable accounting guidance, the Company records accruals for certain of its outstanding legal proceedings, investigations or claims when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. The Company evaluates, at least on a quarterly basis, developments in legal proceedings, investigations or claims that could affect the amount of any accrual, as well as any developments that would result in a loss contingency to become both probable and reasonably estimable. When a loss contingency is not both probable and reasonably estimable, the Company does not record a loss accrual. However, if the loss (or an additional loss in excess of any prior accrual) is at least a reasonable possibility and material, then the Company would disclose an estimate of the possible loss or range of loss, if such estimate can be made, or disclose that an estimate cannot be made. The assessment whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, involves a series of complex judgments about future events. Even if a loss is reasonably possible, the Company may not be able to estimate a range of possible loss, particularly where (i) the damages sought are substantial or indeterminate, (ii) the proceedings are in the early stages, or (iii) the matters involve novel or unsettled legal theories or a large number of parties. In such cases, there is considerable uncertainty regarding the ultimate resolution of such matters, including the amount of any possible loss, fine or penalty. Accordingly, for current proceedings, the Company is currently unable to estimate any reasonably possible loss or range of possible loss. However, an adverse resolution of one or more of such matters could have a material adverse effect on the Company's results of operations in a particular quarter or fiscal year.

Intellectual Property Litigation

Relay IP Inc.

On May 3, 2013, Relay IP, Inc. filed suit against the Company in the United States District Court for the District of Delaware, Civil Action case number 13-775 (Extreme Case). Further on May 6, 2013 they also filed a similar suit against Enterasys in the same court, Civil Action case number 13-774.The complaint alleges infringement based on the Company's testing of its own equipment and inducing its customers to infringe U.S. Patent No. 5,331,637 and seeks unspecified monetary damages. An answer was filed on both cases in July, 2013. The suit is one of approximately 40 nearly simultaneous suits filed by Relay IP against numerous networking equipment manufacturers, suppliers, operators, and users including Cisco Systems, Hewlett-Packard, Juniper Networks, Avaya, Extreme and Enterasys. The Company denies the claims and intends to vigorously defend itself in both cases.

ReefEdge

On September 17, 2012, ReefEdge filed suit against Enterasys in the United States District Court for the District of Delaware alleging certain of the company's products (wireless controllers and wireless access points), infringe three ReefEdge U.S. patents (6633761, 6975864, 7197308). ReefEdge, a non-practicing entity, sought injunctive relief as well as monetary damages, costs, expenses and attorney fees, although there was no quantified amount sought. Extreme assumed this litigation as part of the acquisition of Enterasys. As of the date of this filing, the parties reached a settlement which required the Company to pay an immaterial amount.

Indemnification Obligations

Subject to certain limitations, the Company may be obligated to indemnify its current and former directors, officers and employees. These obligations arise under the terms of its certificate of incorporation, its bylaws, applicable contracts, and Delaware and California law. The obligation to indemnify, where applicable, generally means that the Company is required to pay or reimburse, and in certain circumstances the Company has paid or reimbursed, the individuals' reasonable legal expenses and possibly damages and other liabilities incurred in connection with these matters. It is not possible to estimate the maximum potential amount under these indemnification agreements due to the limited history of these claims. The cost to defend the Company and the named individuals could have a material adverse effect on its consolidated financial position, results of operations and cash flows in the future. Recovery of such costs under its directors and officers insurance coverage is uncertain. As of March 31, 2014, the Company had no outstanding indemnification claims.

10. Income Taxes

For the three and nine months ended March 31, 2014, the Company recorded an income tax provision of $0.9 million and $2.3 million, respectively. For the three and nine months ended March 31, 2013, the Company recorded an income tax provision of $0.4 million and 1.4 million, respectively.

The income tax provisions for the three and nine months ended March 31, 2014 and 2013 consisted primarily of taxes on the income of our foreign subsidiaries as well as .U.S. state income taxes. The income tax provision for the three and nine months ended March 31, 2014 also includes an expense related to a deferred tax liability for the amortization of goodwill recorded as a result of the acquisition of Enterasys. The income tax provisions for both fiscal years were calculated based on the actual results of operations for the three and nine months ended March 31, 2014 and 2013, and therefore do not reflect the annual effective tax rate.

The Company has provided a full valuation allowance against all of its U.S. federal and state deferred tax assets as well as substantially all of the acquired Enterasys foreign entities’ deferred tax assets. No valuation allowance has been established against the non-U.S. deferred tax assets of the legacy Extreme Networks, Inc. foreign subsidiaries. A valuation allowance is determined by assessing both negative and positive evidence to determine whether it is “more likely than not” that the deferred tax assets are recoverable; such assessment is required on a jurisdiction by jurisdiction basis. The Company's inconsistent earnings in recent periods, coupled with the Company's inability to forecast greater than one quarter in advance and the cyclical nature of its business represent sufficient negative evidence to require a full valuation allowance against its U.S. federal and state net deferred tax assets as well as the above mentioned foreign jurisdictions. This valuation allowance will be evaluated periodically and can be reversed partially or in whole if business results and the economic environment have sufficiently improved to support realization of some or all of the Company's deferred tax assets.

The acquisition of Enterasys included a U.S. parent company as well as its wholly-owned domestic and foreign subsidiaries. The Company has elected to treat this stock acquisition as an asset purchase by filing the required election forms under IRC Sec 338(h)(10). The Company has preliminarily estimated the value of the intangible assets from this transaction and is amortizing the amount over 15 years for tax purposes. During the current period, the Company deducted $1.7 million of tax amortization expense related to capitalized goodwill. As of March 31, 2014, the Company recorded a deferred tax liability of $0.6

million related to this amortization which is not considered a future source of taxable income in evaluating the need for a valuation allowance against our deferred tax assets.

The Company had $10.9 million of unrecognized tax benefits as of March 31, 2014. The future impact of the unrecognized tax benefit of $10.9 million, if recognized, is as follows: approximately $0.3 million would impact the effective tax rate, and approximately $10.6 million would result in adjustments to deferred tax assets and corresponding adjustments to the valuation allowance. It is reasonably possible that the amount of unrealized tax benefit could decrease by approximately $0.1 million during the next twelve months due to the expiration of the statute of limitations in certain foreign jurisdictions.

Estimated interest and penalties related to the underpayment of income taxes are classified as a component of tax expense in the Condensed Consolidated Statements of Operations and were immaterial for the three and nine months ended March 31, 2014 and 2013. Accrued interest and penalties were $0.1 million and $0.1 million as of March 31, 2014 and 2013, respectively.

In general, the Company's U.S. federal income tax returns are subject to examination by tax authorities for fiscal years 2001 forward due to net operating losses and the Company's state income tax returns are subject to examination for fiscal years 2003 forward due to net operating losses.

11. Net (Loss) Income Per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period, less shares subject to repurchase, and excludes any dilutive effects of options, warrants and unvested restricted stock. Dilutive earnings per share is calculated by dividing net income by the weighted average number of common shares used in the basic earnings per share calculation plus the dilutive effect of shares subject to repurchase, options, warrants and unvested restricted stock.

The following table presents the calculation of basic and diluted net (loss) income per share (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Net (loss) income	$ (25,058)	$ (2,220)	$ (41,079)	$ 6,489
Weighted-average shares used in per share calculation – basic	96,069	92,968	95,116	94,069
Incremental shares using the treasury stock method:				
Stock options	—	—	—	391
Restricted stock units	—	—	—	526
Employee Stock Purchase Plan	—	—	—	108
Weighted -average share used in per share calculation – diluted	96,069	92,968	95,116	95,094
Net (loss) income per share – basic	$ (0.26)	$ (0.02)	(0.43)	0.07
Net (loss) income per share – diluted	$ (0.26)	$ (0.02)	(0.43)	0.07

Potentially dilutive common shares from employee incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding restricted stock units, and the assumed issuance of common stock under the stock purchase plan. Weighted stock options outstanding with an exercise price higher than the Company's average stock price for the periods presented are excluded from the calculation of diluted net income per share since the effect of including them would have been anti-dilutive due to the net income position of the Company during the periods presented. For the three months ended March 31, 2014 and 2013, the Company excluded 4.4 million and 7.1 million outstanding weighted average stock options and awards, respectively, from the calculation of diluted earnings per common share because they would have been anti-dilutive. For the nine months ended March 31, 2014 and 2013, the Company excluded 3.6 million and 7.2 million outstanding weighted average stock options and awards, respectively, from the calculation of diluted earnings per common share because they would have been anti-dilutive.

12. Restructuring Charges

As part of the Company's on-going restructuring efforts, during the second quarter of fiscal year 2013, the Company initiated a plan to reduce its worldwide headcount by 13%, consolidate specific global administrative functions, and shift certain operating costs to lower cost regions, among other actions. Restructuring expense was $0.0 million and $0.5 million in the three and nine months ended March 31, 2014. Restructuring expense was $1.1 million and $6.2 million in the three and nine months ended March 31, 2013.

The following table summarizes restructuring activities for the nine months ended March 31, 2014:

	Termination Benefits (1)	Contract Termination	Other Cost	Total
Balance at June 30, 2013	$ 1,217	$ —	$ 249	$ 1,466
Assumed from acquisition	—	127	—	127
Period charges	110	628	82	820
Period reversals	(309)	(11)	(1)	(321)
Period payments	(949)	(275)	(331)	(1,555)
Restructuring liabilities at March 31, 2014	$ 69	$ 469	$ (1)	$ 537

(1) Termination benefits generally include severance, outplacement services and health insurance coverage.

13. Foreign Exchange Forward Contracts

The Company uses derivative financial instruments to manage exposures to foreign currency. The Company's objective for holding derivatives is to use the most effective methods to minimize the impact of these exposures. The Company does not enter into derivatives for speculative or trading purposes. The Company records all derivatives on the balance sheet as Other Assets, Net at fair value. Changes in the fair value of derivatives are recognized in earnings as Other Income (Expense). The Company enters into foreign exchange forward contracts to mitigate the effect of gains and losses generated by the foreign currency forecasted transactions related to certain operating expenses and re-measurement of certain assets and liabilities denominated in foreign currencies. These derivatives do not qualify as hedges. At March 31, 2014, these forward foreign currency contracts had a notional principal amount of $7.2 million and an immaterial unrealized gain on foreign exchange contracts. These contracts have maturities of less than 60 days. Changes in the fair value of these foreign exchange forward contracts are offset largely by re-measurement of the underlying assets and liabilities.

Foreign currency transaction gains and losses from operations were a $0.1 million loss and a $1.2 million loss for the three and nine months ended March 31, 2014, respectively. Foreign currency transaction gains and losses from operations were a $0.1 million loss and an immaterial gain for the three and nine months ended March 31, 2013, respectively.

14. Disclosure about Segments of an Enterprise and Geographic Areas

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision makers with respect to the allocation of resources and performance.

The Company operates in one segment, the development and marketing of network infrastructure equipment. The Company conducts business globally and is managed geographically. Revenue is attributed to a geographical area based on the location of the customers. The Company operates in three geographical areas: Americas, which includes the United States, Canada, Mexico, Central America and South America; EMEA, which includes Europe, Russia, Middle East and Africa; and APAC which includes Asia Pacific, South Asia, India, and Australia.

The Company attributes revenues to geographic regions primarily based on the customer's ship-to location. Information regarding geographic areas is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
Net Revenues:	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Americas:				
United States	$ 59,896	$ 21,609	$ 141,576	$ 69,545
Other	12,082	6,414	37,816	26,959
Total Americas	71,978	28,023	179,392	96,504
EMEA	54,113	28,481	146,175	85,700
APAC	15,671	11,699	38,694	37,677
Total net revenues	$ 141,762	$ 68,203	$ 364,261	$ 219,881

Substantially all of the Company's assets were attributable to North America operations at March 31, 2014 and June 30, 2013.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This quarterly report on Form 10-Q, including the following sections, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including in particular, our expectations regarding market demands, customer requirements and the general economic environment, future results of operations, and other statements that include words such as "may" "expect" or "believe" . These forward-looking statements involve risks and uncertainties. We caution investors that actual results may differ materially from those projected in the forward-looking statements as a result of certain risk factors identified in the section entitled "Risk Factors" in this Report, our Quarterly Report on Form 10-Q for the third quarter of fiscal 2014, our Annual Report on Form 10-K for the fiscal year ended June 30, 2013, and other filings we have made with the Securities and Exchange Commission. These risk factors, include, but are not limited to: fluctuations in demand for our products and services; a highly competitive business environment for network switching equipment; our effectiveness in controlling expenses; the possibility that we might experience delays in the development or introduction of new technology and products; customer response to our new technology and products; the timing of any recovery in the global economy; risks related to pending or future litigation; a dependency on third parties for certain components and for the manufacturing of our products; and our ability to receive the anticipated benefits of the acquisition of Enterasys.

Business Overview

We are a leading provider of network infrastructure equipment and services for enterprises, data centers, and service providers. We were incorporated in California in May 1996 and reincorporated in Delaware in March 1999. The shares of Extreme Networks, Inc. (EXTR) began trading on NASDAQ on April 1999. Our corporate headquarters are located in San Jose, California. We develop and sell network infrastructure equipment to our enterprise, data center and telecommunications service provider customers.

On October 31, 2013 (the "Acquisition Date"), we completed the acquisition of Enterasys Networks, Inc. ("Enterasys"), a privately held provider of wired and wireless network infrastructure and security solutions, for $180.0 million, net of cash acquired, whereby Enterasys became our wholly-owned subsidiary. The combined entity immediately became a networking industry leader with more than 12,000 customers. As a combined Company, we believe we will set the standard for the networking industry with a strategic focus on three principles:

Highly scaled and differentiated products and solutions: Our combined product portfolio spans data center networking, switching and routing, Software-Defined Networking (SDN), wired and wireless LAN access, network management and security. This broader solutions portfolio can be leveraged to better serve existing and new customers. We will continue to enhance and support the product roadmaps of both companies going forward to protect the investments of customers and avoid any disruption to their businesses. We intend to significantly increase research and development to accelerate our vision for high-performance, modular, open networking.

Leading customer service and support: We are working to augment our current outsourced support model by integrating Enterasys' in-sourced expertise, building on Enterasys' award-winning heritage and strong commitment to exceptional customer experience. As a result, our expanded global network of channel partners and distributors will benefit from expanded services and support capabilities.

Strong Channels and Strategic Partners: Our focus will be to leverage the capabilities of the combined company and expand existing partnerships as well as continue to add new strategic partnerships in the future. Additionally, we will increase our focus on partnering with distributors and channel partners globally. The goal will be to develop and enhance relationships that grow our revenue and profits as well as the revenue and profits of our alliance and channel partners. At the same time, we are investing in infrastructure to make doing business with us easier and more efficient.

We conduct our sales and marketing activities on a worldwide basis through a distribution channel utilizing distributors, resellers and our field sales organization. We primarily sell our products through an ecosystem of channel partners who combine our Ethernet products with their offerings to create compelling information technology solutions for end user customers. We utilize our field sales organization to support our channel partners and to sell direct to end-user customers, including some large global accounts. Our customers include businesses, hospitals, universities, hotels, telecommunications companies and government agencies around the world.

We outsource the majority of our manufacturing and supply chain management operations as part of our strategy to maintain global manufacturing capabilities and to reduce our costs. We conduct quality assurance, manufacturing engineering, document control and test development at engineering facilities in or near Research Triangle Park, North Carolina, Salem,

New Hampshire, Chennai, India and Toronto, Canada. This approach enables us to attract talent in our selected regions and quickly respond to changes in market demand.

The market for network infrastructure equipment is highly competitive and dominated by a few large companies. The current economic climate has further driven consolidation of vendors within the Ethernet networking market and with vendors from adjacent markets, including storage, security, wireless and voice applications. We believe that the underpinning technology for all of these adjacent markets is Ethernet. As a result, we believe that, as an independent Ethernet switch vendor, we must provide products that, when combined with the products of our large strategic partners, create compelling solutions for end user customers. Our approach is to focus on the intelligence and automation layer that spans our hardware and software products that facilitates end-to-end solutions, as opposed to positioning Extreme Networks as a low-cost-vendor with point products.

We believe that continued success in our marketplace is dependent upon a variety of factors that includes, but is not limited to, our ability to design, develop and distribute new and enhanced products employing leading-edge technology.

Results of Operations

During the third quarter of fiscal 2014, we achieved the following results:

- Net revenues of $141.8 million compared to net revenues of $68.2 million in the third quarter of fiscal 2013.
- Product revenues of $109.9 million compared to product revenues of $54.1 million in the third quarter of fiscal 2013.
- Service revenues of $31.9 million compared to service revenues of $14.1 million in the third quarter of fiscal 2013.
- Total gross margin of 50% of net revenues compared to total gross margin of 56% of net revenues in the third quarter of fiscal 2013.
- Operating loss of $23.4 million compared to operating loss of $1.9 million in the third quarter of fiscal 2013.
- Net loss of $25.1 million compared to net loss of $2.2 million in the third quarter of fiscal 2013.
- Cash flow used in operating activities of $30.6 million in the nine months ended March 31, 2014 compared to cash flow provided by operating activities of $7.0 million in the nine months ended March 31, 2013.
- Cash and cash equivalents, short-term investments and marketable securities decreased by $99.6 million to $106.1 million as of March 31, 2014 from $205.6 million as of June 30, 2013, primarily due to cash used to fund a portion of the acquisition of Enterasys offset by $24 million additional borrowings from the Revolving Facility.

We operate in three regions: Americas, which includes the United States, Canada, Mexico, Central America and South America; EMEA, which includes Europe, Russia, Middle East, and Africa; and APAC which includes Asia Pacific, South Asia, India, and Australia.

The following table presents the total net revenue geographically for the three and nine months ended March 31, 2014 and March 31, 2013, respectively (dollars in thousands):

	Three Months Ended				**Nine Months Ended**			
Net Revenues	**March 31, 2014**	**March 31, 2013**	**$ Change**	**% Change**	**March 31, 2014**	**March 31, 2013**	**$ Change**	**% Change**
Americas:								
United States	$ 59,896	$ 21,609	$ 38,287	177.2%	$ 141,576	$ 69,545	$ 72,031	103.6%
Other	12,082	6,414	5,668	88.4%	37,816	26,959	10,857	40.3%
Total Americas	71,978	28,023	43,955	156.9%	179,392	96,504	82,888	85.9%
Percentage of net revenue	51.0%	41.1%			49.2%	43.9%		
EMEA	54,113	28,481	25,632	90.0%	146,175	85,700	60,475	70.6%
Percentage of net revenue	38.2%	41.8%			40.1%	39.0%		
APAC	15,671	11,699	3,972	34.0%	38,694	37,677	1,017	2.7%
Percentage of net revenue	11.1%	17.2%			10.6%	17.1%		
Total net revenues	$ 141,762	$ 68,203	$ 73,559	107.9%	$ 364,261	$ 219,881	$ 144,380	65.7%

Net Revenues

The following table presents net product and service revenue for the three and nine months ended March 31, 2014 and March 31, 2013, respectively (dollars in thousands):

	Three Months Ended				Nine Months Ended			
	March 31, 2014	March 31, 2013	$ Change	% Change	March 31, 2014	March 31, 2013	$ Change	% Change
Net Revenues:								
Product	$ 109,891	$ 54,072	$ 55,819	103.2%	$ 290,001	$ 175,450	$ 114,551	65.3%
Percentage of net revenue	*77.5%*	*79.3%*			*79.6%*	*79.8%*		
Service	31,871	14,131	17,740	125.5%	74,260	44,431	29,829	67.1%
Percentage of net revenue	*22.5%*	*20.7%*			*20.4%*	*20.2%*		
Total net revenues	$ 141,762	$ 68,203	$ 73,559	107.9%	$ 364,261	$ 219,881	$ 144,380	65.7%

Product revenue increased $55.8 million or 103.2% in the third quarter of fiscal 2014 compared to the corresponding period of fiscal 2013. Product revenue increased $114.6 million or 65.3% in the nine months ending March 31, 2014 compared to the corresponding period of fiscal 2013. In the three and nine months ending March 31, 2014, there was a significant increase in the number of customers and products sold during the period due to our acquisition of Enterasys in the second quarter of fiscal 2014. This resulted in a significant increase in our product revenue in all regions.

Service revenue increased $17.7 million or 125.5% in the third quarter of fiscal 2014 and $29.8 million or 67.1% in the nine months ended March 31, 2014 compared to the corresponding period of fiscal 2013. The increase in service revenue for the three and nine months ended March 31, 2014 was due to an increase in service maintenance contracts and professional service and training revenues due to our acquisition of Enterasys in the second quarter of fiscal 2014.

Cost of Revenue and Gross Profit

The following table presents the gross profit on product and service revenue and the gross profit percentage of product and service revenue for the three and nine months ended March 31, 2014 and 2013 (in thousands):

	Three Months Ended				Nine Months Ended			
	March 31, 2014	March 31, 2013	$ Change	% Change	March 31, 2014	March 31, 2013	$ Change	% Change
Gross profit:								
Product	$ 51,188	$ 28,866	$ 22,322	77.3%	$ 136,889	$ 90,391	$ 46,498	51.4%
Percentage of product revenue	46.6%	53.4%			47.2%	51.5%		
Service	19,667	9,071	10,596	116.8%	47,518	28,260	19,258	68.1%
Percentage of service revenue	61.7%	64.2%			64.0%	63.6%		
Total gross profit	$ 70,855	$ 37,937	$ 32,918	86.8%	$ 184,407	$ 118,651	$ 65,756	55.4%
Percentage of net revenue	50.0%	55.6%			50.6%	54.0%		

Cost of product revenue includes costs of materials, amounts paid to third-party contract manufacturers, costs related to warranty obligations, charges for excess and obsolete inventory, amortization expense for developed technology, royalties under technology license agreements, and internal costs associated with manufacturing overhead, including management, manufacturing engineering, quality assurance, development of test plans, and document control. We outsource substantially all of our manufacturing and supply chain management operations, and we conduct quality assurance, manufacturing engineering, document control and distribution in San Jose, California; Salem, New Hampshire; China, and Taiwan.

Product gross margin decreased to 46.6% in the third quarter of fiscal 2014 from 53.4% in the third quarter of fiscal 2013 and decreased to 47.2% in the nine months ended March 31, 2014 from 51.5% in the nine months ended March 31, 2013. The decrease in product gross margin for the three and nine months ended March 31, 2014 was primarily due to a $1.9 million and

$11.1 million charge for three and nine months ended March 31, 2014, respectively, related to a portion of the release of the step-up value for inventory as required by business combination accounting, $9.0 million and $12.8 million increase for the three and nine months ended March 31, 2014, respectively, in the amortization of the developed technology intangibles from the acquisition of Enterasys during the second quarter of fiscal 2014 and increased stock compensation expenses for the quarter ended March 31, 2014 as compared to the corresponding periods of fiscal 2013. Such increases for the nine months ended March 31, 2014 were offset by lower excess and obsolete inventory charges as compared to corresponding period of fiscal 2013.

Our cost of service revenue consists primarily of personnel, overhead, repair and freight costs and the cost of spares used in providing support under customer service contracts. Service gross margin decreased to 61.7% from 64.2% in the third quarter of fiscal 2014 and increased to 64.0% from 63.6% during the nine months ended March 31, 2014 as compared to the corresponding periods of fiscal 2013. The service gross margin for the three ended March 31, 2014 decreased primarily due to higher personnel, overhead and travel cost as a result of our acquisition of Enterasys during the second quarter of fiscal 2014. The service gross margin for the nine months ended March 31, 2014, increased primarily due to cost reduction initiatives partially offset by the increased cost of revenues from the acquisition of Enterasys.

Operating Expenses

The following table presents operating expenses and operating income (in thousands, except percentages):

	Three Months Ended				Nine Months Ended			
	March 31, 2014	March 31, 2013	$ Change	% Change	March 31, 2014	March 31, 2013	$ Change	% Change
Research and development	$ 24,265	$ 9,381	$ 14,884	158.7%	$ 53,098	$ 30,954	$ 22,144	71.5 %
Sales and marketing	44,703	20,644	24,059	116.5%	108,033	64,764	43,269	66.8 %
General and administrative	11,278	6,288	4,990	79.4%	29,401	18,292	11,109	60.7 %
Acquisition and integration costs	6,443	—	6,443	100.0%	18,826	—	18,826	100.0 %
Restructuring (credit) charge, net of reversals	(6)	1,076	(1,082)	100.6%	499	6,242	(5,743)	(92.0)%
Amortization of intangibles	7,666	—	7,666	100.0%	11,444	—	11,444	100.0 %
Litigation settlement (income) expense	(100)	2,450	(2,550)	104.1%	(100)	2,029	(2,129)	104.9 %
Gain on sale of facilities	—	—	—	—%	—	(11,539)	11,539	(100.0)%
Total operating expenses	$ 94,249	$ 39,839	$ 54,410	136.6%	$ 221,201	$ 110,742	$ 110,459	99.7 %
Operating income (loss)	$ (23,394)	$ (1,902)	$ (21,492)	1,130.0%	$ (36,794)	$ 7,909	$ (44,703)	(565.2)%

The following table highlights our operating expenses and operating income as a percentage of net revenues:

	Three Months Ended		Nine Months Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Research and development	17.1 %	13.8 %	14.6 %	14.1 %
Sales and marketing	31.5 %	30.3 %	29.7 %	29.5 %
General and administrative	8.0 %	9.2 %	8.1 %	8.3 %
Acquisition and integration costs	4.5 %	— %	5.2 %	— %
Restructuring (credit) charge, net of reversals	— %	1.6 %	0.1 %	2.8 %
Amortization of intangibles	5.4 %	— %	3.1 %	— %
Litigation settlement (income) expense	(0.07)%	3.6 %	(0.03)%	0.9 %
Gain on sale of facilities	— %	— %	— %	(5.3)%
Total operating expenses	66.4 %	58.5 %	60.8 %	50.3 %
Operating income (loss)	(16.5)%	(2.8)%	(10.1)%	3.6 %

Research and Development Expenses

Research and development expenses consist primarily of salaries and related personnel expenses, consultant fees and prototype expenses related to the design, development, and testing of our products.

Research and development expenses increased by $14.9 million, or 158.7% in the third quarter of fiscal 2014 and $22.1 million or 71.5% for the nine months ended March 31, 2014 as compared to the corresponding periods of fiscal 2013. The increase in research and development expenses for the three and nine months ended March 31, 2014 was primarily due to increased personnel costs and higher occupancy costs as a result of our acquisition of Enterasys in the second quarter of fiscal 2014.

Sales and Marketing Expenses

Sales and marketing expenses consist of salaries, commissions and related expenses for personnel engaged in marketing and sales functions, as well as trade shows and promotional expenses.

Sales and marketing expenses increased by $24.1 million, or 116.5% in the third quarter of fiscal 2014 and $43.3 million or 66.8% for the nine months ended March 31, 2014 as compared to the corresponding periods of fiscal 2013. The increase in sales and marketing expenses for the three and nine months ended March 31, 2014 was primarily due to increased personnel costs as well as spending on additional sales and marketing programs, each as a result of our acquisition of Enterasys in the second quarter of fiscal 2014.

General and Administrative Expenses

General and administrative expenses increased by $5.0 million, or 79.4% in the third quarter of fiscal 2014 and $11.1 million or 60.7% for the nine months ended March 31, 2014, compared to the corresponding periods of fiscal 2013. The increase in general and administrative expenses during the three and nine months ending March 31, 2014, compared to the corresponding periods of fiscal 2013, was primarily due to higher personnel and travel costs and higher occupancy costs as a result of our acquisition of Enterasys in the second quarter of fiscal 2014.

Acquisition and Integration Costs

As a result of our acquisition of Enterasys, we incurred $6.4 million and $18.8 million of acquisition and integration costs during the third quarter and nine months ended March 31, 2014. Of the total $6.4 million expense during the three months ended March 31, 2014, $6.3 million were related to integration costs and the remaining $0.1 million expense was related to acquisition costs. Of the total $18.8 million expense for the nine months ended March 31, 2014, $12.9 million expense related to integration costs and the remaining $5.9 million expense related to acquisition costs. The Company expects to incur integration costs for the next two years.

Restructuring (Credit) Charge, Net of Reversals

Restructuring charges decreased by $1.1 million in the third quarter of fiscal 2014 and by $5.7 million in the nine months ended March 31, 2014 compared to the corresponding periods of fiscal 2013. During the second quarter of fiscal 2013, we initiated a plan to reduce our worldwide headcount by 13%, consolidate specific global administrative functions, and shift certain operating costs to lower cost regions, among other actions. The Company has substantially expensed all of the costs

associated with this initiative. As of March 31, 2014, we had restructuring liabilities of $0.5 million, which we anticipate paying by the end of fiscal 2015.

Amortization of intangibles

During the three and nine months ended March 31, 2014, we recorded $7.7 million and $11.4 million of amortization, primarily for certain intangibles related to the acquisition of Enterasys.

Litigation Settlement (Income) Expense

During the third quarter of fiscal 2014, the Company received $0.1 million from the settlement of a property lease litigation matter.

During the third quarter of fiscal 2013, we recognized a litigation charge of $2.5 million related to a settlement agreement with Enterasys entered into prior to the acquisition.

Gain on Sale of Facilities

During the first quarter of fiscal 2013, we completed the sale of our corporate campus and accompanying 16 acres of land in Santa Clara, California for net cash proceeds of approximately $44.7 million. We realized a gain of approximately $11.5 million in connection with this transaction.

Interest Expense

During the three and nine months ended March 31, 2014 we recorded $0.8 million and $1.3 million interest expense related to the Credit Facility that the Company entered into on October 31, 2013 to fund the acquisition of Enterasys.

Other Expense, Net

Other expense, net increased by $0.0 million in the third quarter of fiscal 2014 and by $0.5 million for the nine months ended March 31, 2014 compared to the corresponding periods of fiscal 2013. The increase in other expense, net was primarily due to losses from the revaluation of certain assets and liabilities denominated in foreign currencies into U.S. dollars. For the nine months ended March 31, 2014, we had an additional increase from an other-than-temporary impairment loss of $158,000, recorded as the Company intends to sell its investments in the near future.

Provision for Income Taxes

For the three and nine months ended March 31, 2014, we recorded an income tax provision of $0.9 million and $2.3 million, respectively. For the three and nine months ended March 31, 2013, we recorded an income tax provision of $0.4 million and $1.4 million, respectively.

The income tax provisions for the three and nine months ended March 31, 2014 and 2013 consisted primarily of taxes on the income of our foreign subsidiaries as well as U.S. state income taxes. The income tax provision for the three and nine months ended March 31, 2014 also includes an expense related to a deferred tax liability for the amortization of goodwill recorded as a result of the acquisition of Enterasys in the second quarter of fiscal 2014.

Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. In many instances, we could have reasonably used different accounting estimates, and in other instances changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. On an ongoing basis, we evaluate our estimates and assumptions. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

As discussed in Part II, Item 7, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* of our Annual Report on Form 10-K for the year ended June 30, 2013, we consider the following accounting

policies to be the most critical in understanding the judgments that are involved in preparing our consolidated financial statements:

- *Revenue Recognition*
- *Inventory Valuation*
- *Long Lived Assets*
- *Allowance for Doubtful Accounts*
- *Deferred Tax Valuation Allowance*
- *Accounting for Uncertainty in Income Taxes*
- *Share-Based Compensation*
- *Legal Contingencies*
- *Restructuring Costs*

We added the following policies to our critical accounting policies during the second quarter of fiscal 2014.

Business Combinations

We apply the acquisition method of accounting for business combinations, including our acquisition of Enterasys Networks, Inc. on October 31, 2013. Under this method of accounting, all assets acquired and liabilities assumed are recorded at their respective fair values at the date of the completion of each transaction. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, intangibles and other asset lives, among other items. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Market participants are assumed to be buyers and sellers in the principal (most advantageous) market for the asset or liability. Additionally, fair value measurements for an asset assume the highest and best use of that asset by market participants. As a result, we may have been required to value the acquired assets at fair value measures that do not reflect its intended use of those assets. Use of different estimates and judgments could yield different results. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Although we believe the assumptions and estimates we have made are reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results. As a result, during the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations.

Goodwill

Goodwill is assessed for impairment annually or more frequently when an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying value. Goodwill is tested for impairment at the reporting unit level at adoption and at least annually thereafter. To test goodwill for impairment, we first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, we will then perform the two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. Under the two-step goodwill impairment test, we would, in the first step, compare the estimated fair value of a reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value, no impairment loss would be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the unit may be impaired. The amount, if any, of the impairment is then measured in the second step in which we determine the implied value of goodwill based on the allocation of the estimated fair value determined in the initial step to all assets and liabilities of the reporting unit.

New Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2013-11, *Income Taxes (Topic 740)-Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ("ASU 2013-11"). This ASU provides guidance regarding the presentation in the statement of financial position of an unrecognized tax benefit when a net operating loss carryforward or a tax credit carryforward exists. The ASU generally provides that an entity's unrecognized tax benefit, or a portion of its unrecognized tax benefit, should be presented in its financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss,

or a tax credit carryforward. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. We intend to adopt this standard prospectively in the first quarter of its fiscal year ending June 30, 2015. We do not believe this updated standard will have a material impact on our consolidated financial statements.

Liquidity and Capital Resources

The following summarizes information regarding our cash, investments, and working capital (in thousands):

	March 31, 2014	June 30, 2013
Cash and cash equivalent	$ 71,355	$ 95,803
Short-term investments	34,700	43,034
Marketable securities	—	66,776
Total cash and investments	$ 106,055	$ 205,613
Working capital	$ 60,198	$ 96,279

As of March 31, 2014, our principal sources of liquidity consisted of cash, cash equivalents and investments of $106.1 million, net accounts receivable of $94.2 million and borrowings from the Revolving Facility under which the Company had $1.0 million of availability at March 31, 2014. Our principal uses of cash will include repayments of debt and related interest, purchase of finished goods inventory from our contract manufacturers, payroll, restructuring expenses and other operating expenses related to the development, marketing of our products, purchases of property and equipment and repurchases of our common stock. We believe that our $106.1 million of cash and cash equivalents and investments at March 31, 2014 along with the availability of borrowings from the Revolving Facility will be sufficient to fund our principal uses of cash for at least the next 12 months including the repayment of the additional borrowings of $24 million from the Revolving Facility.

Our Credit Agreement contains financial covenants that require us to maintain a minimum Consolidated Fixed Charge Coverage Ratio and Consolidated Quick Ratio and a maximum a Consolidated Leverage Ratio and several other covenants and restrictions that limit our ability to incur additional indebtedness, create liens upon any of our property, merge, consolidate or sell all or substantially all of our assets, etc.

The Credit Agreement also includes customary events of default, including failure to pay principal, interest or fees when due, failure to comply with covenants, if any representation or warranty made by us is false or misleading in any material respect, certain insolvency or receivership events affecting Extreme and its subsidiaries, the occurrence of certain material judgments, the occurrence of certain ERISA events, the invalidity of the loan documents or a change in control of our Company. The amounts outstanding under the Credit Agreement may be accelerated upon certain events of default. We believe we are in compliance and expect to remain in compliance with our Credit Agreement covenants and they are not expected to impact our liquidity or capital resources.

Key Components of Cash Flows and Liquidity

A summary of the sources and uses of cash and cash equivalents is as follows (in thousands):

	Nine Months Ended	
	March 31, 2014	March 31, 2013
Net cash (used in) provided by operating activities	$ (30,617)	$ 7,003
Net cash (used in) provided by investing activities	$ (123,113)	$ 24,134
Net cash provided by (used in) financing activities	$ 128,671	$ (8,434)
Foreign currency effect on cash	$ 611	$ 293
Net (decrease) increase in cash and cash equivalents	$ (24,448)	$ 22,996

Net Cash Provided by Operating Activities

Cash flows from operations decreased by $37.6 million in the nine months ending March 31, 2014 compared to the corresponding period of fiscal 2013 primarily due to the post acquisition increase in accounts receivables, increase in inventory balances and timing of inventory receipts to bring the inventory levels in line with the near term demand and an increase in post-acquisition accounts payable balance and the timing of payments. Such decreases were partially offset by $4.9 million

cash received as tenant incentives from the landlords of existing leased facilities which the Company used towards leasehold improvements.

Net Cash Provided by Investing Activities

Cash flow used in investing activities in the nine months ending March 31, 2014 was $123.1 million, comprised of $180.0 million net cash used for the acquisition of Enterasys, purchases of investments of $9.0 million, $17.4 million used to purchase property and equipment offset by proceeds of $26.7 million from the maturities of investments and proceeds of $56.6 million from the sale of investments.

Net Cash Provided by Financing Activities

Cash flow provided by financing activities in the nine months ending March 31, 2014 was $128.7 million, comprised of issuance of Term Loan of $65.0 million and a draw on the Revolving Facility of $35 million used for the acquisition of Enterasys, an additional draw of $24 million on the Revolving Facility during the quarter ended March 31, 2014 for working capital requirements, $6.3 million proceeds from the exercise of stock options and purchases of shares of our common stock under the ESPP, net of taxes paid on vested and released stock awards offset by $1.6 million of cash used for repayment of debt.

Contractual Obligations

The following summarizes our contractual obligations at March 31, 2014, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands):

	Total	Less than 1 Year	1-3 years	3-5 years	More than 5 years
Contractual Obligations:					
Debt obligations	$ 122,375	$ 28,875	$ 26,000	$ 67,500	$ —
Interest on debt obligations	9,371	2,598	4,505	2,268	—
Non-cancellable inventory purchase commitments	52,451	52,451	—	—	—
Non-cancellable operating lease obligations	39,861	8,269	10,374	8,267	12,951
Other liabilities	6,236	2,698	3,325	213	—
Total contractual cash obligations	$ 230,294	$ 94,891	$ 44,204	$ 78,248	$ 12,951

Non-cancelable inventory purchase commitments represent the purchase of long lead-time component inventory that our contract manufacturers procure in accordance with our forecast. Inventory purchase commitments were $52.5 million as of March 31, 2014, an increase of $1.4 million from $50.1 million as of June 30, 2013. We expect to honor the inventory purchase commitments within the next 12 months.

Non-cancelable operating lease obligations represent base rents and operating expense obligations to landlords for facilities we occupy at various locations.

Other liabilities include the Company's commitments towards debt related fees and specific arrangements other than inventory.

The amounts in the table above exclude $0.3 million of income tax liabilities related to uncertain tax positions as we are unable to reasonably estimate the timing of settlement.

We did not have any material commitments for capital expenditures as of March 31, 2014.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 31, 2014.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Interest Rate Sensitivity

Investments

The primary objective of our investment activities is to preserve principal while at the same time maximize the income we receive from our investments without significantly increasing risk. Some of the securities that we have invested in may be subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. For example, if we hold a security that was issued with a fixed interest rate at the then-prevailing rate and the prevailing interest rate later rises, the principal amount of our investment will probably decline. To minimize this risk, we maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including commercial paper, other non-government debt securities and money market funds.

The valuation of our investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes to credit ratings of the securities, discount rates and ongoing strength and quality of market credit and liquidity.

If the current market conditions deteriorate further, or the anticipated recovery in market values does not occur, we may be required to record impairment charges in future quarters.

The following table presents the amounts of our cash equivalents, short-term investments and marketable securities that are subject to market risk by range of expected maturity and weighted-average interest rates as of March 31, 2014. This table does not include money market funds because those funds are generally not subject to market risk.

	Maturing in				
	Three months or less	Three months to one year	Greater than one year	Total	Fair Value
	(In thousands)				
March 31, 2014					
Included in short-term investments	$ 2,035	$ 22,081	$ 10,584	$ 34,700	$ 34,700
Weighted average interest rate	0.88%	0.92%	0.72%		

The following tables present hypothetical changes in fair value of the financial instruments held at March 31, 2014 that are sensitive to changes in interest rates:

Unrealized gain given a decrease in interest rate of X bps		Fair value as of	Unrealized loss given an increase in interest rate of X bps	
(100 bps)	(50 bps)	March 31, 2014	100 bps	50 bps
		(In thousands)		
$ 366	$ 182	$ 35,387	$ (358)	$ (180)

Debt

At certain points in time we are exposed to the impact of interest rate fluctuations, primarily in the form of variable rate borrowings from our credit facility.

The following table presents hypothetical changes in interest expense for the quarter ended March 31, 2014, on outstanding credit facility borrowings as of March 31, 2014, that are sensitive to changes in interest rates:

Change in interest expense given a decrease in interest rate of X bps*		Average outstanding debt as of	Change in interest expense given an increase in interest rate of X bps	
(100 bps)	(50 bps)	March 31, 2014	100 bps	50 bps
		(In thousands)		
$ (40)	$ (40)	$ 100,206	$ 251	$ 125

* Underlying interest rate was 0.16% during the quarter. The table above assumed the underlying interest rate did not decrease below 0%.

Exchange Rate Sensitivity

Currently, substantially all of our sales and the majority of our expenses are denominated in United States dollars. While we conduct some sales transactions and incur certain operating expenses in foreign currencies and expect to continue to do so, we do not anticipate that foreign exchange gains or losses will be significant, in part because of our foreign exchange risk management process discussed below.

Foreign Exchange Forward Contracts

We record all derivatives on the balance sheet at fair value. Changes in the fair value of derivatives are recognized in earnings as Other Income (Expense), net. We enter into foreign exchange forward contracts to mitigate the effect of gains and losses generated by the foreign currency forecasted transactions related to certain operating expenses and re-measurement of certain assets and liabilities denominated in foreign currencies. These derivatives do not qualify as hedges. At March 31, 2014, these forward foreign currency contracts had a notional principal amount of $7.2 million and an immaterial unrealized gain on foreign exchange contracts. These contracts have maturities of less than 60 days. Changes in the fair value of these foreign exchange forward contracts are offset largely by re-measurement of the underlying assets and liabilities.

Foreign currency transaction gains and losses from operations were a $0.1 million and a $1.2 million loss for the three and nine months ended March 31, 2014, respectively. Foreign currency transaction gains and losses from operations were a $0.1 million gain and a $0.1 million gain for the three and nine months ended March 31, 2013.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 as amended, such as this Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to reasonably assure that such information is accumulated and communicated to our management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure.

Our assessment of the internal controls excluded Enterasys Networks Inc. ("Enterasys") which was acquired on October 31, 2013. Enterasys had net revenues of $148.3 million and total assets of $120.4 million, which are included in the condensed consolidated financial statements of the Company as of and for the nine months ended March 31, 2014. We are currently assessing the control environment of this acquired business. Enterasys's sales constitute approximately 41% of our sales for the nine month period covered by this report, and Enterasys's assets constitute approximately 24% of our total assets as of the end of such period.

Under guidelines established by the SEC, companies are allowed to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company.

Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Report. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further because of changes in conditions, the effectiveness of internal control may vary over time.

We assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this Report. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on our assessment using those criteria, we concluded that, as of the end of the period covered by this Report, our internal control over financial reporting is effective.

Changes in Internal Control over Financial Reporting

As noted above, our assessment of the internal controls excluded Enterasys which was acquired on October 31, 2013. Under guidelines established by the SEC, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company. During the integration period management is developing additional controls to ensure the financial information provided by Enterasys Networks, Inc. is complete and accurate in all material respects.

Except as noted above, there were no changes in our internal control over financial reporting during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Our controls and procedures are designed to provide reasonable assurance that our control system's objective will be met and our CEO and CFO have concluded that our disclosure controls and procedures are effective at the reasonable assurance level. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within

Extreme Networks have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events. Projections of any evaluation of the effectiveness of controls in future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Notwithstanding these limitations, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Our CEO and CFO have concluded that our disclosure controls and procedures are, in fact, effective at the “reasonable assurance” level.

PART II. Other Information

Item 1. Legal Proceedings

For information regarding litigation matters that we deem significant, refer to Part I, Item 3, Legal Proceedings of our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 and Note 9 to our Notes to Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Report which are incorporated herein by reference.

Item 1A. Risk Factors

The following is a list of risks and uncertainties which may have a material and adverse effect on our business, financial condition or results of operations. The risks and uncertainties set out below are not the only risks and uncertainties we face, and some are endemic to the networking industry.

We cannot assure you that we will be profitable in the future because a number of factors could negatively affect our financial results.

We have a limited history of profitability and have reported losses in some of our prior fiscal years. In addition, in years when we reported profits, we were not profitable in each quarter during those years. We anticipate continuing to incur significant sales and marketing, product development and general and administrative expenses. Any delay in generating or recognizing revenue could result in a loss for a quarter or full year. Even if we are profitable, our operating results may fall below our expectations and those of our investors, which could cause the price of our stock to fall.

We may experience challenges or delays in generating or recognizing revenue for a number of reasons and our revenue and operating results have varied significantly in the past and may vary significantly in the future due to a number of factors, including, but not limited to, the following:

- we are dependent upon obtaining orders during a quarter and shipping those orders in the same quarter to achieve our revenue objectives;
- decreases in the prices of the products that we sell;
- the mix of products sold and the mix of distribution channels through which products are sold;
- acceptance provisions in customer contracts;
- our ability to deliver installation or inspection services by the end of the quarter;
- changes in general and/or specific economic conditions in the networking industry;
- seasonal fluctuations in demand for our products and services;
- a disproportionate percentage of our sales occurring in the last month of the quarter;
- our ability to ship products by the end of a quarter;
- reduced visibility into the implementation cycles for our products and our customers' spending plans;
- our ability to forecast demand for our products, which in the case of lower-than-expected sales, may result in excess or obsolete inventory in addition to non-cancelable purchase commitments for component parts;
- sales to the telecommunications service provider market, which represent a significant source of large product orders, are especially volatile and difficult to forecast;
- product returns or the cancellation or rescheduling of orders;
- announcements and new product introductions by our competitors;
- our ability to develop and support relationships with enterprise customers, service providers and other potential large customers;
- our ability to achieve targeted cost reductions;
- fluctuations in warranty or other service expenses actually incurred;
- our ability to obtain sufficient supplies of sole- or limited-source components for our products on a timely basis;
- increases in the price of the components that we purchase.

Due to the foregoing factors, period-to-period comparisons of our operating results should not be relied upon as an indicator of our future performance.

We may fail to realize the anticipated benefits of the acquisition of Enterasys.

The success of the acquisition of Enterasys will depend on, among other things, our ability to combine the businesses of Extreme and Enterasys in a manner that does not materially disrupt existing relationships and that allows us to achieve anticipated operational synergies. We have faced and will continue to face significant challenges in combining the two operations into one in a timely and efficient manner. The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in us not achieving the anticipated benefits of the acquisition.

We have made certain assumptions relating to the acquisition in our forecasts that may prove to be materially inaccurate.

We have made certain assumptions relating to the forecast level of cost savings, synergies and associated costs of the acquisition of Enterasys. Our assumptions relating to the forecast level of cost savings, synergies and associated costs of the acquisition may be inaccurate based on the information available to us, including as the result of the failure to realize the expected benefits of the acquisition, higher than expected transaction and integration costs, including our ability to service new debt, as well as general economic and business conditions that may adversely affect the combined company following the completion of the acquisition.

The combination of our business with the Enterasys business will continue to require significant management attention, and we expect to incur significant additional costs because of integration challenges.

The combined company requires us to devote significant management attention and other resources to integrating the two businesses. We may not successfully complete the integration of our operations in a timely manner and may experience disruptions in relationships with customers, suppliers and employees as a result.

Through March 31, 2014, we have incurred transaction and integration costs in connection with the Enterasys acquisition of approximately $18.8 million. We expect to incur additional costs integrating the companies' operations, product offerings, and personnel, which cannot be estimated accurately at this time. Although we expect that the realization of efficiencies related to the integration of the business will offset incremental transaction, integration and restructuring costs over time, we cannot give any assurance that this net benefit will be achieved. If the total costs of the integration exceed the anticipated benefits of the acquisition, our results of operations could be adversely affected.

We expect the average selling prices of our products to decrease, which may reduce gross margin and/or revenue.

The network equipment industry has traditionally experienced an erosion of average selling prices due to a number of factors, including competitive pricing pressures, promotional pricing and technological progress. We anticipate that the average selling prices of our products will decrease in the future in response to competitive pricing pressures, excess inventories, increased sales discounts and new product introductions by us or our competitors. We may experience decreases in future operating results due to the erosion of our average selling prices. To maintain our gross margin, we must develop and introduce on a timely basis new products and product enhancements and continually reduce our product costs. Our failure to do so would likely cause our revenue and gross margin to decline.

We may engage in future acquisitions that dilute the ownership interests of our stockholders, cause us to incur debt or assume contingent liabilities.

As part of our business strategy, we review acquisition and strategic investment prospects that we believe would complement our current product offerings, augment our market coverage or enhance our technical capabilities, or otherwise offer growth opportunities. In the event of any future acquisitions, we could:

- issue equity securities which would dilute current stockholders' percentage ownership;
- incur substantial debt;
- assume contingent liabilities; or
- expend significant cash.

These actions could have a material adverse effect on our operating results or the price of our common stock. Moreover, even if we do obtain benefits in the form of increased sales and earnings, these benefits may be recognized much later than the time when the expenses associated with an acquisition are incurred. This is particularly relevant in cases where it would be necessary to integrate new types of technology into our existing portfolio and new types of products may be targeted for potential customers with which we do not have pre-existing relationships. Acquisitions and investment activities also entail numerous risks, including:

- difficulties in the assimilation of acquired operations, technologies and/or products;
- unanticipated costs associated with the acquisition or investment transaction;
- the diversion of management's attention from other business concerns;
- adverse effects on existing business relationships with suppliers and customers;
- risks associated with entering markets in which we have no or limited prior experience;
- the potential loss of key employees of acquired organizations; and
- substantial charges for the amortization of certain purchased intangible assets, deferred stock compensation or similar items.

Our credit facilities impose financial and operating restrictions on us.

Our debt instruments impose, and the terms of any future debt may impose, operating and other restrictions on us. These restrictions could affect, and in many respects limit or prohibit, among other items, our ability to:

- incur additional indebtedness;
- create liens;
- make investments;
- enter into transactions with affiliates;
- sell assets;
- guarantee indebtedness;
- declare or pay dividends or other distributions to stockholders;
- repurchase equity interests;
- change the nature of our business;
- enter into swap agreements;
- issue or sell capital stock of certain of our subsidiaries; and
- consolidate, merge, or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

The agreements governing our credit facilities also require us to achieve and maintain compliance with specified financial ratios.

A breach of any of these restrictive covenants or the inability to comply with the required financial ratios could result in a default under our debt instruments. If any such default occurs, the lenders under our credit agreement may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. The lenders under our credit agreement also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under our credit agreement will have the right to proceed against the collateral granted to them to secure the debt. If the debt under our credit agreement were to be accelerated, we cannot give assurance that this collateral would be sufficient to repay our debt.

If we fail to meet our payment or other obligations under our credit agreement, the lenders under such credit agreement could foreclose on, and acquire control of, substantially all of our assets.

Our credit agreement is jointly and severally guaranteed by us and certain of our subsidiaries. Borrowings under our credit facilities are secured by liens on substantially all our assets, including the capital stock of certain of our subsidiaries, and the assets of our subsidiaries that are loan party guarantors. If we are unable to repay outstanding borrowings when due, the lenders under our credit agreement will have the right to proceed against this pledged capital stock and take control of substantially all of our assets.

We purchase several key components for products from single or limited sources and could lose sales if these suppliers fail to meet our needs.

We currently purchase several key components used in the manufacture of our products from single or limited sources and are dependent upon supply from these sources to meet our needs. Certain components such as tantalum capacitors, SRAM, DRAM, and printed circuit boards, have been in the past, and may in the future be, in short supply. We have encountered, and are likely in the future to encounter, shortages and delays in obtaining these or other components, and this could have a material adverse effect on our ability to meet customer orders. Our principal sole-source components include:

- ASICs;
- Merchant silicon;
- microprocessors;
- programmable integrated circuits;
- selected other integrated circuits;
- custom power supplies; and
- custom-tooled sheet metal.

Our principal limited-source components include:

- flash memory;
- DRAMs and SRAMs;
- printed circuit boards; and
- CAMs
- Connectors
- Timing circuits (crystals & clocks).

We use our forecast of expected demand to determine our material requirements. Lead times for materials and components we order vary significantly, and depend on factors such as the specific supplier, contract terms and demand for a component at a given time. If forecasts exceed orders, we may have excess and/or obsolete inventory, which could have a material adverse effect on our operating results and financial condition. If orders exceed forecasts, we may have inadequate supplies of certain materials and components, which could have a material adverse effect on our ability to meet customer delivery requirements and to recognize revenue.

Generally, we do not have agreements fixing long-term prices or minimum volume requirements from suppliers. From time to time we have experienced shortages and allocations of certain components, resulting in delays in filling orders. Qualifying new suppliers to compensate for such shortages may be time-consuming and costly, and may increase the likelihood of errors in design or production. In addition, during the development of our products, we have experienced delays in the prototyping of our chipsets, which in turn has led to delays in product introductions. Similar delays may occur in the future. Furthermore, the performance of the components as incorporated in our products may not meet the quality requirements of our customers.

Intense competition in the market for networking equipment could prevent us from increasing revenue and maintaining profitability.

The market for network switching solutions is intensely competitive and dominated primarily by Brocade Communications Systems, Inc., Cisco Systems Inc., Dell, Hewlett-Packard Company, Huawei, and Juniper Networks, Inc. Most of our competitors have longer operating histories, greater name recognition, larger customer bases, broader product lines and substantially greater financial, technical, sales, marketing and other resources. As a result, these competitors are able to devote greater resources to the development, promotion, sale and support of their products. In addition, they have larger distribution channels, stronger brand names, access to more customers, a larger installed customer base and a greater ability to make attractive offers to channel partners and customers than we do. For example, we have encountered, and expect to continue to encounter, many potential customers who are confident in and committed to the product offerings of our principal competitors. Accordingly, these potential customers may not consider or evaluate our products. When such potential customers have considered or evaluated our products, we have in the past lost, and expect in the future to lose, sales to some of these customers as large competitors have offered significant price discounts to secure these sales.

The pricing policies of our competitors impact the overall demand for our products and services. Some of our competitors are capable of operating at significant losses for extended periods of time, increasing pricing pressure on our products and services. If we do not maintain competitive pricing, the demand for our products and services, as well as our market share, may decline. From time to time, we may lower the prices of our products and services in response to competitive pressure. When this happens, if we are unable to reduce our component costs or improve operating efficiencies, our revenue and margins will be adversely affected.

We may not fully realize the anticipated positive impacts to future financial results from our restructuring efforts.

We have undertaken restructuring efforts within the last year to streamline operations and reduce operating expenses. Our ability to achieve the anticipated cost savings and other benefits from our restructuring efforts within expected time frames is subject to many estimates and assumptions, and may vary materially based on factors such as market conditions and the effect of our restructuring efforts on our work force. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. There can be no assurance that we will fully realize the anticipated positive impacts to future financial results from our current or future restructuring efforts. If our estimates and assumptions are incorrect or if other unforeseen events occur, we may not achieve the cost savings expected from such restructurings, and our business and results of operations could be adversely affected.

Industry consolidation may lead to stronger competition and may harm our operating results.

There has been a trend toward industry consolidation in our markets for several years. We expect this trend to continue as companies attempt to strengthen or hold their market positions in an evolving industry and as companies are acquired or are unable to continue operations. For example, some of our current and potential competitors for enterprise data center business have made acquisitions, or announced new strategic alliances, designed to position them with the ability to provide end-to-end technology solutions for the enterprise data center. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. We believe that industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers. This could lead to more variability in our operating results and could have a material adverse effect on our business, operating results, and financial condition. Furthermore, particularly in the service provider market, rapid consolidation will lead to fewer customers, with the effect that loss of a major customer could have a material impact on results not anticipated in a customer marketplace composed of more numerous participants.

Our dependence on an OEM for a portion of our wireless products could harm our operating results.

We historically relied exclusively on Motorola for our wireless product offering. With the integration of Extreme Networks with Enterasys Networks, we have two lines of wireless products. We have issued our last purchase order for manufacturing for the line of wireless products manufactured by Motorola. However, we will continue to rely on Motorola for several years for hardware and software support for projected new sales and our existing customer base. Should Motorola cease to timely or effectively honor these supply and support obligations, it may create financial liabilities for us which could have a material adverse effect on our business and operating results.

We intend to invest in engineering, sales, service, marketing and manufacturing on a long term basis, and delays or inability to attain the expected benefits may result in unfavorable operating results.

While we intend to focus on managing our costs and expenses, over the long term, we also intend to invest in personnel and other resources related to our engineering, sales, service, marketing and manufacturing functions as we focus on our foundational priorities, such as leadership in our core products and solutions and architectures for business transformation. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our operating results may be adversely affected.

Our success is dependent on our ability to continually introduce new products and features that achieve broad market acceptance.

The network equipment market is characterized by rapid technological progress, frequent new product introductions, changes in customer requirements and evolving industry standards. If we do not regularly introduce new products in this dynamic environment, our product lines will become obsolete. These new products must be compatible and inter-operate with products and architectures offered by other vendors. We have and may in the future experience delays in product development and releases, and such delays have and could in the future adversely affect our ability to compete and our operating results.

When we announce new products or product enhancements or end of sale existing products that have the potential to replace or shorten the life cycle of our existing products, customers may defer or cancel orders for our existing products. These actions could have a material adverse effect on our operating results by unexpectedly decreasing sales, increasing inventory levels of older products and exposing us to greater risk of product obsolescence.

Even if we introduce new switching products, alternative technologies could achieve widespread market acceptance and displace the Ethernet technology on which we have based our product architecture. For example, developments in routers and routing software could significantly reduce demand for our products. As a result, we may not be able to achieve widespread market acceptance of our current or future products.

The unfavorable economic environment has and may continue to negatively impact our business and operating results.

The challenges and uncertainty currently affecting global economic conditions may negatively impact our business and operating results in the following ways:

- customers may delay or cancel plans to purchase our products and services;
- customers may not be able to pay, or may delay payment of, the amounts that they owe us which may adversely affect our cash flow, the timing of our revenue recognition and the amount of revenue;
- increased pricing pressure may result from our competitors aggressively discounting their products;
- accurate budgeting and planning will be difficult due to low visibility into future sales;
- forecasting customer demand will be more difficult, increasing the risk of either excess and obsolete inventory if our forecast is too high or insufficient inventory to meet customer demand if our forecast is too low; and
- our component suppliers and contract manufacturers have been negatively affected by the economy which may result in product delays and changes in pricing and service levels.

If global economic conditions do not show continued improvement, we believe that we could experience material adverse impacts to our business and operating results.

Claims of infringement by others may increase and the resolution of such claims may adversely affect our operating results.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents, copyrights (including rights to “open source” software), and other intellectual property rights. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents and the issuance of new patents at a rapid pace, it is not possible to determine in advance if a product or component might infringe the patent rights of others. Because of the potential for courts awarding substantial damages and the lack of predictability of such awards as well as the high costs of mounting a legal defense, it is not uncommon for companies in our industry to settle even potentially unmeritorious claims for very substantial amounts. Further, the entities with whom we have or could have disputes or discussions include entities with extensive patent portfolios and substantial financial assets. These entities are actively engaged in programs to generate substantial revenue from their patent portfolios and are seeking or may seek significant payments or royalties from us and others in our industry.

Litigation resulting from claims that we are infringing the proprietary rights of others has resulted and could in the future result in substantial costs and a diversion of resources, and could have a material adverse effect on our business, financial condition and results of operations. We have received notices from entities alleging that we may be infringing their patents, and we are currently parties to patent litigation as described under Part I, Item 3, Legal Proceedings. Without regard to the merits of these or any other claims, an adverse court order or a settlement could require us, among other actions, to:

- stop selling our products that incorporate the challenged intellectual property;
- obtain a royalty bearing license to sell or use the relevant technology, and that license may not be available on reasonable terms or available at all;
- pay damages; or
- redesign those products that use the disputed technology.

In addition, our products include so-called “open source” software. Open source software is typically licensed for use at no initial charge, but imposes on the user of the open source software certain requirements to license to others both the open source software as well as modifications to the open source software. Our use of open source software subjects us to certain additional risks for the following reasons:

- open source license terms may be ambiguous and may result in unanticipated obligations regarding our products and intellectual property;
- open source software cannot be protected under trade secret law;
- suppliers of open-source software do not provide the warranty, support and liability protections typically provided by vendors who offer proprietary software; and
- it may be difficult for us to accurately determine the developers of the open source code and whether the acquired software infringes third-party intellectual property rights.

We believe that even if we do not infringe the rights of others, we will incur significant expenses in the future due to disputes or licensing negotiations, though the amounts cannot be determined. These expenses may be material or otherwise adversely affect our operating results.

Our operating results may be negatively affected by defending or pursuing claims or lawsuits.

We have and may in the future pursue or be subject to claims or lawsuits in the normal course of our business. Regardless of the result, litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavorable resolution of a lawsuit in which we are a defendant could result in a court order against us or payments to other parties that would have an adverse effect on our business, results of operations, or financial condition. Even if we are successful in prosecuting claims and lawsuits, we may not recover damages sufficient to cover our expenses incurred to manage, investigate and pursue the litigation. In addition, subject to certain limitations, we may be obligated to indemnify our current and former directors, officers and employees in certain lawsuits. We do not maintain adequate insurance coverage to cover all of our litigation costs and liabilities. In addition, we assumed numerous claims and lawsuits in the acquisition of Enterasys that may have unfavorable resolutions and to the extent such claims and lawsuits are not indemnifiable or indemnified by the seller could result in adverse effects on our business, results of operations or financial condition.

If we fail to protect our intellectual property, our business could suffer.

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. However, we cannot ensure that the actions we have taken will adequately protect our intellectual property rights or that other parties will not independently develop similar or competing products that do not infringe on our patents. We generally enter into confidentiality or license agreements with our employees, consultants and corporate partners, and control access to and distribution of our intellectual property and other proprietary information. Despite our efforts to protect our

proprietary rights, unauthorized parties may attempt to copy or otherwise misappropriate or use our products or technology, which would adversely affect our business.

When our products contain undetected errors, we may incur significant unexpected expenses and could lose sales.

Network products frequently contain undetected errors when new products or new versions or updates of existing products are released to the marketplace. In the past, we have experienced such errors in connection with new products and product updates. We have experienced component problems in prior years that caused us to incur higher than expected warranty, service costs and expenses, and other related operating expenses. In the future, we expect that, from time to time, such errors or component failures will be found in new or existing products after the commencement of commercial shipments. These problems may have a material adverse effect on our business by causing us to incur significant warranty, repair and replacement costs, diverting the attention of our engineering personnel from new product development efforts, delaying the recognition of revenue and causing significant customer relations problems. Further, if products are not accepted by customers due to such defects, and such returns exceed the amount we accrued for defective returns based on our historical experience, our operating results would be adversely affected.

Our products must successfully interoperate with products from other vendors. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. The occurrence of system errors, whether or not caused by our products, could result in the delay or loss of market acceptance of our products and any necessary revisions may cause us to incur significant expenses. The occurrence of any such problems would likely have a material adverse effect on our business, operating results and financial condition.

Our dependence on few manufacturers for our manufacturing requirements could harm our operating results.

We primarily rely on our manufacturing partners, Alpha Networks, Inc. headquartered in Hsinchu, Taiwan, Flextronics, Inc. headquartered in Singapore, and few other manufacturing partners to manufacture our products. We have experienced delays in product shipments from our manufacturing partners in the past, which in turn delayed product shipments to our customers. These or similar problems may arise in the future, such as delivery of products of inferior quality, delivery of insufficient quantity of products, or the interruption or discontinuance of operations of a manufacturer, any of which could have a material adverse effect on our business and operating results. In addition, any natural disaster or business interruption to our manufacturing partners could significantly disrupt our business. While we maintain strong relationships with our manufacturing partners, our agreements with these manufacturers are generally of limited duration and pricing, quality and volume commitments are negotiated on a recurring basis. The failure to maintain continuing agreements with our manufacturing partners could adversely affect our business. We intend to introduce new products and product enhancements, which will require that we rapidly achieve volume production by coordinating our efforts with those of our suppliers and contract manufacturers.

As part of our cost-reduction efforts, we will need to realize lower per unit product costs from our manufacturing partner by means of volume efficiencies and the utilization of manufacturing sites in lower-cost geographies. However, we cannot be certain when or if such price reductions will occur. The failure to obtain such price reductions would adversely affect our gross margins and operating results.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 Section 1502 (the “Dodd-Frank Act”) requires certain public companies to disclose whether certain minerals, commonly known as “conflict minerals,” are necessary to the functionality or production of a product manufactured by those companies and if those minerals originated in the Democratic Republic of the Congo (DRC) or an adjoining country. It may be possible that conflict minerals may be part of the supply chain in the electronics industry and contained in our products. The implementation of these requirements by government regulators and our partners and/or customers could adversely affect the sourcing, availability, and pricing of minerals used in the manufacture of certain components used in our products. In addition, we will incur additional costs to comply with the disclosure requirements for conflict minerals, including costs related to determining the source of any of the relevant minerals and metals used in our products. As a result, our business and financial results could be harmed.

We depend upon international sales for a significant portion of our revenue which imposes a number of risks on our business.

International sales constitute a significant portion of our net revenue. Our ability to grow will depend in part on the expansion of international sales. Our international sales primarily depend on the success of our resellers and distributors. The failure of these resellers and distributors to sell our products internationally would limit our ability to sustain and grow our revenue. There are a number of risks arising from our international business, including:

- longer accounts receivable collection cycles;
- difficulties in managing operations across disparate geographic areas;
- difficulties associated with enforcing agreements through foreign legal systems;
- higher credit risks requiring cash in advance or letters of credit;

- difficulties in safeguarding intellectual property;
- political and economic turbulence;
- terrorism, war or other armed conflict;
- natural disasters and epidemics;
- potential adverse tax consequences;
- compliance with regulatory requirements of foreign countries, including compliance with rapidly evolving environmental regulations;
- compliance with U.S. laws and regulations pertaining to the sale and distribution of products to customers in foreign countries, including export controls and the Foreign Corrupt Practices Act; and
- the payment of operating expenses in local currencies, which exposes us to risks of currency fluctuations.

Substantially all of our international sales are U.S. dollar-denominated. Future increases in the value of the U.S. dollar relative to foreign currencies could make our products less competitive in international markets. In the future, we may elect to invoice some of our international customers in local currency, which would expose us to fluctuations in exchange rates between the U.S. dollar and the particular local currency. If we do so, we may decide to engage in hedging transactions to minimize the risk of such fluctuations.

We have entered into foreign exchange forward contracts to offset the impact of payment of operating expenses in local currencies to some of our operating foreign subsidiaries. However, if we are not successful in managing these foreign currency transactions, we could incur losses from these activities.

We must continue to develop and increase the productivity of our indirect distribution channels to increase net revenue and improve our operating results.

Our distribution strategy focuses primarily on developing and increasing the productivity of our indirect distribution channels. If we fail to develop and cultivate relationships with significant channel partners, or if these channel partners are not successful in their sales efforts, sales of our products may decrease and our operating results could suffer. Many of our channel partners also sell products from other vendors that compete with our products. Our channel partners may not continue to market or sell our products effectively or to devote the resources necessary to provide us with effective sales, marketing and technical support. We may not be able to successfully manage our sales channels or enter into additional reseller and/or distribution agreements. Our failure to do any of these could limit our ability to grow or sustain revenue.

Our operating results for any given period have and will continue to depend to a significant extent on large orders from a relatively small number of channel partners and other customers. However, we do not have binding purchase commitments from any of them. A substantial reduction or delay in sales of our products to a significant reseller, distributor or other customer could harm our business, operating results and financial condition because our expense levels are based on our expectations as to future revenue and to a large extent are fixed in the short term. Under specified conditions, some third-party distributors are allowed to return products to us and unexpected returns could adversely affect our results.

The sales cycle for our products is long and we may incur substantial non-recoverable expenses or devote significant resources to sales that do not occur when anticipated.

Our products represent a significant strategic decision by a customer regarding its communications infrastructure. The decision by customers to purchase our products is often based on the results of a variety of internal procedures associated with the evaluation, testing, implementation and acceptance of new technologies. Accordingly, the product evaluation process frequently results in a lengthy sales cycle, typically ranging from three months to longer than a year, and as a result, our ability to sell products is subject to a number of significant risks, including risks that:

- budgetary constraints and internal acceptance reviews by customers will result in the loss of potential sales;
- there may be substantial variation in the length of the sales cycle from customer to customer, making decisions on the expenditure of resources difficult to assess;
- we may incur substantial sales and marketing expenses and expend significant management time in an attempt to initiate or increase the sale of products to customers, but not succeed;
- if a sales forecast from a specific customer for a particular quarter is not achieved in that quarter, we may be unable to compensate for the shortfall, which could harm our operating results; and
- downward pricing pressures could occur during the lengthy sales cycle for our products.

To successfully manage our business or achieve our goals, we must attract, retain, train, motivate, develop and promote key employees, and failure to do so can harm us.

Our success depends to a significant degree upon the continued contributions of our key management, engineering, sales and marketing, service and operations personnel, many of whom would be difficult to replace. We do not have employment contracts with these individuals that mandate that they render services for any specific term, nor do we carry life insurance on any

of our key personnel. We have experienced and may in the future experience significant turnover in our executive personnel. In addition, retention has generally become more difficult for us, in part because the exercise price of most of the stock options granted to many of our employees is below the market price. As a result, we experienced high levels of attrition. We believe our future success will also depend in large part upon our ability to attract and retain highly skilled managerial, engineering, sales and marketing, service, finance and operations personnel. The market for these personnel is competitive, and we have had difficulty in hiring employees, particularly engineers, in the time-frame we desire.

Companies in the networking industry whose employees accept positions with competitors frequently claim that competitors have engaged in unfair hiring practices. We have from time to time been involved in claims like this with other companies and, although to date they have not resulted in material litigation, we do not know whether we will be involved in additional claims in the future. We could incur substantial costs in litigating any such claims, regardless of the merits.

Failure to successfully expand our sales and support teams or educate them in regard to technologies and our product families may harm our operating results.

The sale of our products and services requires a concerted effort that is frequently targeted at several levels within a prospective customer's organization. We may not be able to increase net revenue unless we expand our sales and support teams in order to address all of the customer requirements necessary to sell our products.

We cannot assure you that we will be able to successfully integrate employees into our company or to educate and train current and future employees in regard to rapidly evolving technologies and our product families. A failure to do so may hurt our revenue growth and operating results.

Failure of our products to comply with evolving industry standards and complex government regulations may adversely impact our business.

If we do not comply with existing or evolving industry standards and government regulations, we may not be able to sell our products where these standards or regulations apply. The network equipment industry in which we compete is characterized by rapid changes in technology and customers' requirements and evolving industry standards. As a result, our success depends on:

- the timely adoption and market acceptance of industry standards, and timely resolution of conflicting U.S. and international industry standards; and
- our ability to influence the development of emerging industry standards and to introduce new and enhanced products that are compatible with such standards.

In the past, we have introduced new products that were not compatible with certain technological standards, and in the future, we may not be able to effectively address the compatibility and interoperability issues that arise as a result of technological changes and evolving industry standards.

Our products must also comply with various U.S. federal government regulations and standards defined by agencies such as the Federal Communications Commission, standards established by governmental authorities in various foreign countries and recommendations of the International Telecommunication Union. In some circumstances, we must obtain regulatory approvals or certificates of compliance before we can offer or distribute our products in certain jurisdictions or to certain customers. Complying with new regulations or obtaining certifications can be costly and disruptive to our business.

If we do not comply with existing or evolving industry standards or government regulations, we will not be able to sell our products where these standards or regulations apply, which may prevent us from sustaining our net revenue or achieving profitability.

If we do not adequately manage and evolve our financial reporting and managerial systems and processes, our ability to manage and grow our business may be harmed.

Our ability to successfully implement our business plan and comply with regulations requires an effective planning and management process. We need to continue improving our existing, and implement new, operational and financial systems, procedures and controls. We need to ensure that the businesses acquired are appropriately integrated in our financial systems. Any delay in the implementation of, or disruption in the integration of acquired businesses, or delay and disruption in the transition to, new or enhanced systems, procedures or controls, could harm our ability to record and report financial and management information on a timely and accurate basis, or to forecast future results.

Changes in the effective tax rate including from the release of the valuation allowance recorded against our net U.S. deferred tax assets, or adverse outcomes resulting from examination of our income or other tax returns or change in ownership, could adversely affect our results.

Our future effective tax rates may be volatile or adversely affected by changes in our business or U.S. or foreign tax laws, including: the partial or full release of the valuation allowance recorded against our net U.S. deferred tax assets; expiration of or lapses in the research and development tax credit laws; transfer pricing adjustments; tax effects of stock-based compensation; or costs related to restructurings. In addition, we are subject to the examination of our income tax returns by the Internal Revenue Service and other tax authorities. Although we regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes, there is no assurance that such determinations by us are in fact adequate. Changes in our effective tax rates or amounts assessed upon examination of our tax returns may have a material, adverse impact on our cash flows and our financial condition.

Our future effective tax rate in particular could be adversely affected by a change in ownership pursuant to U.S. Internal Revenue Code Section 382. If a change in ownership occurs, it may limit our ability to utilize our net operating losses to offset our U.S. taxable income. If U.S. taxable income is greater than the change in ownership limitation, we will pay a higher rate of tax with respect to the amount of taxable income that exceeds the limitation. This could have a material adverse impact on our results of operations. On April 26, 2012, we adopted an Amended and Restated Rights Agreement to help protect our assets (the "Rights Agreement"). In general, this does not allow a stockholder to acquire more than 4.95% of our outstanding common stock without a waiver from our board of directors, who must take into account the relevant tax analysis relating to potential limitation of our net operating losses. The Rights Agreement is effective through April 30, 2014. In the event the Rights Agreement is not extended, our future effective tax rate may be negatively impacted.

Compliance with laws, rules and regulations relating to corporate governance and public disclosure may result in additional expenses.

Federal securities laws, rules and regulations, as well as NASDAQ rules and regulations, require companies to maintain extensive corporate governance measures, impose comprehensive reporting and disclosure requirements, set strict independence and financial expertise standards for audit and other committee members and impose civil and criminal penalties for companies and their Chief Executive Officers, Chief Financial Officers and directors for securities law violations. These laws, rules and regulations and the interpretation of these requirements are evolving, and we are making investments to evaluate current practices and to continue to achieve compliance, which investments may have a material impact on the Company's financial condition.

Our headquarters and some significant supporting businesses are located in northern California and other areas subject to natural disasters that could disrupt our operations and harm our business.

Our corporate headquarters are located in Silicon Valley in Northern California. Historically, this region as well as our R&D center in North Carolina has been vulnerable to natural disasters and other risks, such as earthquakes, fires, floods and tropical storms, which at times have disrupted the local economy and posed physical risks to our property. We have contract manufacturers located in Taiwan where similar natural disasters and other risks may disrupt the local economy and pose physical risks to our property and the property of our contract manufacturer.

In addition, the continued threat of terrorism and heightened security and military action in response to this threat, or any future acts of terrorism, may cause further disruptions to the economies of the U.S. and other countries. If such disruptions result in delays or cancellations of customer orders for our products, our business and operating results will suffer.

We currently do not have redundant, multiple site capacity in the event of a natural disaster, terrorist act or other catastrophic event. In the event of such an occurrence, our business would suffer.

Our stock price has been volatile in the past and our stock price may significantly fluctuate in the future.

In the past, our common stock price has fluctuated significantly. This could continue as we or our competitors announce new products, our results or those of our customers or competition fluctuate, conditions in the networking or semiconductor industry change, or when investors, change their sentiment toward stocks in the networking technology sector.

In addition, fluctuations in our stock price and our price-to-earnings multiple may make our stock attractive to momentum, hedge or day-trading investors who often shift funds into and out of stock rapidly, exacerbating price fluctuations in either direction, particularly when viewed on a quarterly basis.

Provisions in our charter documents and Delaware law and our adoption of a stockholder rights plan may delay or prevent an acquisition of Extreme, which could decrease the value of our Common Stock.

Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our Board of Directors. Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. In addition, our Board of Directors has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer. Although we believe these provisions of our certificate of incorporation and bylaws and

Delaware law will provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if the offer may be considered beneficial by some of our stockholders.

Our Rights Agreement provides that if a single stockholder (or group) acquires more than 4.95% of our outstanding common stock without a waiver from our Board of Directors, each holder of one share of our common stock (other than the stockholder or group who acquired in excess of 4.95% of our common stock) may purchase a fractional share of our preferred stock that would result in substantial dilution to the triggering stockholder or group. Accordingly, although this plan is designed to prevent any limitation on the utilization of our net operating losses by avoiding issues raised under Section 382 of the U.S. Internal Revenue Code, the Rights Agreement could also serve as a deterrent to stockholders wishing to effect a change of control.

We rely on the availability of third-party licenses

Some of our products are designed to include software or other intellectual property licensed from third parties. It may be necessary in the future to seek or renew licenses relating to various aspects of these products. There can be no assurance that the necessary licenses would be available on acceptable terms, if at all. The inability to obtain certain licenses or other rights or to obtain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could have a material adverse effect on our business, operating results, and financial condition. Moreover, the inclusion in our products of software or other intellectual property licensed from third parties on a nonexclusive basis could limit our ability to protect our proprietary rights in our products.

System security risks, data protection breaches, and cyber-attacks could compromise our proprietary information, disrupt our internal operations and harm public perception of our products, which could adversely affect our business.

In the ordinary course of business, we store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners on our networks. The secure maintenance of this information is critical to our operations and business strategy. Increasingly, companies, including Extreme Networks, are subject to a wide variety of attacks on their networks on an ongoing basis. Despite our security measures, Extreme Networks' information technology and infrastructure may be vulnerable to penetration or attacks by computer programmers and hackers, or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks, creating system disruptions or slowdowns and exploiting security vulnerabilities of our products, and the information stored on our networks could be accessed, publicly disclosed, lost or stolen, which could subject us to liability to our customers, suppliers, business partners and others, and cause us reputational and financial harm. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our networks.

If an actual or perceived breach of network security occurs in our network or in the network of a customer of our networking products, regardless of whether the breach is attributable to our products, the market perception of the effectiveness of our products could be harmed. In addition, the economic costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software systems and security vulnerabilities could be significant and may be difficult to anticipate or measure. Because the techniques used by computer programmers and hackers, many of whom are highly sophisticated and well-funded, to access or sabotage networks change frequently and generally are not recognized until after they are used, we may be unable to anticipate or immediately detect these techniques. This could impede our sales, manufacturing, distribution or other critical functions, which could adversely affect our business.

Market conditions and changes in the industry could lead to discontinuation of our products or businesses resulting in asset impairments

In response to changes in industry and market conditions, we may be required to strategically realign our resources and consider restructuring, disposing of, or otherwise exiting businesses. Any decision to limit investment in or dispose of or otherwise exit businesses may result in the recording of special charges, such as inventory and technology-related write-offs, workforce reduction costs, charges relating to consolidation of excess facilities, or claims from third parties who were resellers or users of discontinued products. Our estimates with respect to the useful life or ultimate recoverability of our carrying basis of assets, including purchased intangible assets, could change as a result of such assessments and decisions. Although in certain instances, our supply agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed, our loss contingencies may include liabilities for contracts that we cannot cancel with contract manufacturers and suppliers. Further, our estimates relating to the liabilities for excess facilities are affected by changes in real estate market conditions.

If our products do not effectively inter-operate with our customers’ networks and result in cancellations and delays of installations our business could be harmed.

Our products are designed to interface with our customers' existing networks, each of which have different specifications and utilize multiple protocol standards and products from other vendors. Many of our customers' networks contain multiple generations of products that have been added over time as these networks have grown and evolved. Our products must inter-operate with many or all of the products within these networks as well as future products in order to meet our customers' requirements. If we find errors in the existing software or defects in the hardware used in our customers' networks, we may need to modify our software or hardware to fix or overcome these errors so that our products will inter-operate and scale with the existing software and hardware, which could be costly and could negatively affect our business, financial condition, and results of operations. In addition, if our products do not inter-operate with those of our customers' networks, demand for our products could be adversely affected or orders for our products could be cancelled. This could hurt our operating results, damage our reputation, and seriously harm our business and prospects.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We currently have authority granted by our Board of Directors to repurchase up to $75 million in common stock over
a three year period starting October 1, 2012. Since the inception of the program, 4.1 million shares have been repurchased for a total purchase price of $14.5 million and $60.5 million of the authorized amount is remaining. For the three and nine month periods ended March 31, 2014, the Company did not repurchase any shares of its common stock.

Item 3. Defaults Upon Senior Securities - Not applicable

Item 4. Mine Safety Disclosure - Not Applicable

Item 5. Other Information

Item 6. Exhibits

(a) Exhibits:

Exhibit Number	Description of Document	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Number	
10.1	Extreme Networks, Inc. Executive Change in Control Severance Plan Amended and Restated February 12, 2014				X
10.2	Agreement to Participate in the Extreme Networks, Inc. Executive Change in Control Severance Plan as Amended and Restated February 12, 2014				X
31.1	Section 302 Certification of Chief Executive Officer				X
31.2	Section 302 Certification of Chief Financial Officer				X
32.1	Section 906 Certification of Chief Executive Officer				X
32.2	Section 906 Certification of Chief Financial Officer				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X

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 thereunto duly authorized.

EXTREME NETWORKS, INC.
(Registrant)

/s/ JOHN KURTZWEIL

JOHN KURTZWEIL
Senior Vice President, Chief Financial Officer, and Chief Accounting Officer

May 7, 2014

EXTREME NETWORKS, INC.
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN
Amended and Restated February 12, 2014

1. ESTABLISHMENT AND PURPOSE

The Extreme Networks, Inc. Executive Severance Plan (the "**Plan**") was established by the Board of Directors of Extreme Networks, Inc., effective February 8, 2006, and amended and restated as of August 7, 2008. Effective as of February 12, 2014, the Plan is hereby further amended and restated as set forth herein.

2. DEFINITIONS AND CONSTRUCTION

2.1 **Definitions**. Whenever used in this Plan, capitalized terms shall have the same meaning as set forth in Appendix A.

2.2 **Construction.** Captions and titles contained in this Plan 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. ELIGIBILITY AND PARTICIPATION

The Chief Executive Officer of the Company, Officers and Vice Presidents shall be eligible to become Participants in the Plan. To become a Participant, such an individual must be designated by the Committee and must execute a Participation Agreement. Unless otherwise set forth in the individual Participation Agreement, all Participation Agreements entered into after February 12, 2014, shall include a provision that such Participation Agreements shall be effective for a three (3) year term subject to renewal by the Compensation Committee of the Board for subsequent three (3) years terms or any other term as determined by the Compensation Committee of the Board.

4. EFFECT OF A CHANGE IN CONTROL ON EQUITY AWARDS GRANTED BEFORE AUGUST 7, 2008 AND OTHER DESIGNATED EQUITY GRANTS

The provisions of this Section 4 shall apply to all Equity Awards granted prior to the August 7, 2008 amendment and restatement of the Plan with respect to individuals who were Participants as of that date. In addition, this Section 4 shall apply to any Equity Award that the Committee designates at the time of grant, or subsequent to the grant, as being subject to this Section 4. For the treatment of all other Equity Awards, see Section 4A, below.

4.1 **Options and Stock Appreciation Rights – Not Assumed or Substituted.** In the event of a Change in Control in which the Acquiror does not assume or continue any of then-outstanding Options or Stock Appreciation Rights held by the Participant or substitute for any such awards substantially equivalent awards for the Acquiror's stock, then the vesting, exercisability and settlement of each such award which is not assumed, continued or substituted for shall be accelerated in full effective immediately prior to but conditioned upon the consummation of the Change in Control.

4.2 **Options and Stock Appreciation Rights – Assumed or Substituted.** In the event of a Change in Control in which the Acquiror assumes or continues the Company's rights and obligations under any of the then-outstanding Options or Stock Appreciation Rights held by the Participant or substitutes for any such awards substantially equivalent awards for the Acquiror's stock, then the vesting, exercisability and settlement of each such award which is assumed, continued or substituted for shall be determined as follows:

(a) As of the effective date of the Change in Control, the number of shares subject to such award treated as vested and exercisable pursuant to such award shall be equal to the sum of (i) the number of shares vested and exercisable determined in accordance with the schedule set forth in the agreement or certificate evidencing such award and (ii) a number of shares equal to fifty percent (50%) of the difference between the total number of shares subject to the award and the number of vested shares subject to the award, rounded down to the nearest whole number.

(b) After the effective date of the Change in Control, the remaining unvested shares subject to such award shall, subject to the Participant's continued service with the Company Group except as otherwise provided by this Plan, vest and become exercisable in equal monthly installments over a period beginning on the effective date of the Change in Control which is equal to one-half of the then remaining vesting period determined in accordance with the agreement applicable to such award as in effect immediately prior to the Change in Control.

4.3 **Effect On Option and Stock Appreciation Rights Agreements**. The provisions contained in Sections 4.1 and 4.2 of this Plan shall apply notwithstanding any provision to the contrary contained in any agreement evidencing an Option or Stock Appreciation Right granted to a Participant to the extent such agreement confers lesser rights to the Participant.

4.4 **Other Equity Awards.** Notwithstanding any provision to the contrary contained in any agreement evidencing a Restricted Stock, Restricted Stock Unit or other stock-based compensation award held by a Participant, the vesting, exercisability and settlement of such Equity Awards shall be accelerated in full effective immediately prior to the consummation of a Change in Control, provided that the Participant remains an employee or other service provider with the Company Group immediately prior to the Change in Control.

4A. EFFECT OF A CHANGE IN CONTROL ON EQUITY AWARDS GRANTED ON OR AFTER AUGUST 7, 2008

The provisions of this Section 4A shall apply to all Equity Awards granted on or after the effective date of the amendment and restatement of the Plan**.** In addition, the provisions of this Section 4A shall apply to Participants who first become eligible to participate on or after the effective date of the amendment and restatement of the Plan. Notwithstanding the foregoing, pursuant to Section 4, the Committee may designate certain Equity Awards as being subject to Section 4**.** For the treatment of Equity Awards prior to the effective date of the August 7, 2008 amendment and restatement of this Plan, see Section 4, above.

Notwithstanding anything in this Plan to the contrary, all Equity Awards subject to this Section 4A which are performance based awards shall be subject to the terms of those awards.

4A.1**. Equity Awards – Not Assumed or Substituted.** Subject to the terms of the award agreement governing the Equity Award and Section 4A.3, in the event of a Change in Control in which the Acquiror does not assume or continue any of then-outstanding Equity Awards held by the Participant or substitute for any such awards substantially equivalent awards, then the vesting, exercisability and settlement of each such award which is not assumed, continued or substituted for shall be accelerated by crediting the Participant with the number of months of Service in the Participant's Severance Benefit Period effective immediately prior to but conditioned upon the consummation of the Change in Control.

4A.2**. Equity Awards – Assumed or Substituted.** In the event of a Change in Control in which the Acquiror assumes or continues the Company's rights and obligations under any of the then-outstanding Equity Awards held by the Participant or substitutes for any such Equity Awards substantially equivalent awards, then the vesting, exercisability and settlement of each such Equity Award shall vest and become exercisable or settleable as determined in accordance with the agreement applicable to such award as in effect immediately prior to the Change in Control.

4A.3**. Effect On Equity Award Agreements**. The provisions contained in Section 4A.1 of this Plan shall apply notwithstanding any provision to the contrary contained in any agreement evidencing an Equity Award granted to a Participant to the extent such agreement confers lesser rights to the Participant.

5. TERMINATION UPON A CHANGE IN CONTROL

In the event of a Participant's Termination Upon a Change in Control, the Participant shall be entitled to receive the compensation and benefits described in his or her Participation Agreement and this Section 5. The provision, time and manner of payment or distribution of all such compensation and benefits shall be subject to, limited by and construed in accordance with the requirements of Section 409A of the Code, to the extent applicable, including any delay in payments after a Termination Upon a Change in Control of a Specified Employee required by Section 409A.

5.1 **Accrued Obligations.** The Participant shall be entitled to receive:

(c) all salary, commissions and accrued but unused vacation earned through the date of the Participant's termination of employment;

(d) payment within ten (10) business days following the Participant's termination of employment of any Prior Year Bonus or portion thereof which the Committee determines has been earned by the Participant as of the date of the Participant's termination of employment under the terms of the programs, plans or agreements providing for such bonus, but which remains unpaid as of such date;

(e) reimbursement within ten (10) business days of submission of proper expense reports of all expenses reasonably and necessarily incurred by the Participant in connection with the business of the Company Group prior to his or her termination of employment; and

(f) the benefits, if any, under any Company Group retirement plan, nonqualified deferred compensation plan, stock purchase or other stock-based compensation plan or agreement (other than any such plan or agreement pertaining to Equity Awards whose treatment is prescribed by Section 5.2(c) below), health benefits plan or other Company Group benefit plan to which the Participant may be entitled pursuant to the terms of such plans or agreements.

5.2 **Severance Benefits.** Provided that the Participant executes and such Release has become effective in accordance with its terms prior to the Release Deadline, the Participant shall be entitled to receive the following severance payments and benefits:

(a) **Salary and Bonus.** On the first payroll date following the last to occur of (i) the Release Deadline; and (ii) if the Participant is a Specified Employee, six months after the date of the Participant's Separation from Service, the Company shall pay to the Participant in a lump sum cash payment an amount equal to the sum of (1) the Participant's Base Salary Rate multiplied by the number of months in the Severance Benefit Period applicable to the Participant and (2) the Participant's Annual Bonus multiplied by a ratio, the numerator of which is the number of months in the Severance Benefit Period applicable to the Participant and the denominator of which is twelve (12).

(b) **Health Insurance Benefits.** For the period commencing immediately following the Participant's Separation from Service and continuing for the duration of the number of months in the Participant's Severance Benefit Period, the Company shall arrange to provide the Participant and his or her dependents with health insurance benefits (including medical, dental and vision) substantially similar to those provided to the Participant and his or her dependents immediately prior to the date of such termination of employment (without giving effect to any reduction in such benefits constituting Good Reason). Such benefits shall be provided to the Participant at the same premium cost to the Participant and at the same coverage level as in effect as of the Participant's termination of employment (without giving effect to any reduction in such benefits constituting Good Reason); provided, however, that the Participant shall be subject to any change in the premium cost and/or level of coverage applicable generally to all employees

holding the position or comparable position with the Company which the Participant held immediately prior to the Change in Control. The Company may satisfy its obligation to provide a continuation of health insurance benefits by paying that portion of the Participant's premiums required under the Consolidated Omnibus Budget Reconciliation Act ("***COBRA***") that exceed the amount of premiums that the Participant would have been required to pay for continuing coverage had he or she continued in employment. If the Company is not reasonably able to continue such coverage under the Company's benefit plans, the Company shall provide substantially equivalent coverage under other sources or will reimburse the Participant for premiums (in excess of the Participant's premium cost described above) incurred by the Participant to obtain his or her own such substantially equivalent coverage. If the Participant becomes eligible to receive such coverage under another employer's benefit plans during the applicable Severance Benefit Period, the Participant shall report such eligibility to the Company, and the Company's obligations under this Section 5.2(b) shall be secondary to the coverage provided by such other employer's plans. For the balance of any period in excess of the applicable Severance Benefit Period during which the Participant is entitled to continuation coverage under COBRA, the Participant shall be entitled to maintain coverage for himself or herself and the Participant's eligible dependents at the Participant's own expense.

(c) **Acceleration of Vesting of Equity Awards.** Notwithstanding any provision to the contrary contained in any agreement evidencing an Equity Award granted to a Participant, the vesting, exercisability and settlement of each of the Participant's outstanding Equity Awards shall be accelerated in full effective as of the date of the Participant's Separation from Service so that each Equity Award held by the Participant shall be immediately exercisable and fully vested (and, in the case of Restricted Stock Units, shall be settled in full), as of the date of the Participant's Separation from Service.

5.3 **Indemnification; Insurance.**

(a) In addition to any rights a Participant may have under any indemnification agreement previously entered into between the Company and such Participant (a "***Prior Indemnity Agreement***"), from and after the date of the Participant's termination of employment, the Company shall indemnify and hold harmless the Participant against any costs or expenses (including attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, by reason of the fact that the Participant is or was a director, officer, employee or agent of the Company Group, or is or was serving at the request of the Company Group as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, whether asserted or claimed prior to, at or after the date of the Participant's termination of employment, to the fullest extent permitted under applicable law, and the Company shall also advance fees and expenses (including attorneys' fees) as incurred by the Participant to the fullest extent permitted under applicable law. In the event of a conflict between the provisions of a Prior Indemnity Agreement and the provisions of this Plan, the Participant may elect which provisions shall govern.

(b) For a period of six (6) years from and after the date of termination of employment of a Participant who was an officer and/or director of the Company at any time prior

to such termination of employment, the Company shall maintain a policy of directors' and officers' liability insurance for the benefit of such Participant which provides him or her with coverage no less favorable than that provided for the Company's continuing officers and directors.

6. **FEDERAL EXCISE TAX UNDER SECTION 4999 OF THE CODE**

6.1 **Excess Parachute Payment.** In the event that any payment or benefit received or to be received by the Participant pursuant to this Plan or otherwise (collectively, the "***Payments***") would subject the Participant to any excise tax pursuant to Section 4999 of the Code (the "***Excise Tax***") due to the characterization of such Payments as an excess parachute payment under Section 280G of the Code, then, notwithstanding the other provisions of this Plan, the amount of such Payments will not exceed the amount which produces the greatest after-tax benefit to the Participant. For purposes of this Section 6.1, if Payments must be reduced, then such reductions shall come first from the cash severance otherwise payable to the Participant.

6.2 **Determination by Accountants.** Upon the occurrence of any event (the "***Event***") that would give rise to any Payments pursuant to this Plan, the Company shall promptly request a determination in writing to be made within thirty (30) days of the date of the Event by independent public accountants (the "***Accountants***") selected by the Company and reasonably acceptable to the Participant of the amount and type of such Payments which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section. Unless payment is required to commence earlier in order to comply with Section 409A of the Code, in the event that the report of the Accountants is not received within thirty (30) days following the Participant's Termination Upon Change in Control, the Company shall pay to the Participant the cash severance benefits required by Section 5.2 above (subject to any reduction necessary to produce the greatest after-tax benefit to the Participant) within ten (10) days of the later of the date of the Accountants' report of their determination or the payment date determined in accordance with Section 5.2(a) above.

7. **CONFLICT IN BENEFITS; NONCUMULATION OF BENEFITS**

7.1 **Effect of Plan.** The terms of this Plan, when accepted by a Participant pursuant to an executed Participation Agreement, shall supersede all prior arrangements, whether written or oral, and understandings regarding the subject matter of this Plan and shall be the exclusive agreement for the determination of any payments and benefits due to the Participant upon the events described in Sections 4, 4A, 5 and 6.

7.2 **Noncumulation of Benefits.** Except as expressly provided in a written agreement between a Participant and the Company entered into after the date of such Participant's Participation Agreement and which expressly disclaims this Section 7.2 and is approved by the

Board or the Committee, the total amount of payments and benefits that may be received by the Participant as a result of the events described in Sections 4, 4A, 5 and 6 pursuant to (a) the Plan, (b) any agreement between the Participant and the Company or (c) any other plan, practice or statutory obligation of the Company, shall not exceed the amount of payments and benefits provided by this Plan upon such events (plus any payments and benefits provided pursuant a Prior Indemnity Agreement or an agreement evidencing an Equity Award, subject to such acceleration of vesting, exercisability and settlement provided by Section 4, 4A or Section 5.2 above, as applicable), and the aggregate amounts payable under this Plan shall be reduced to the extent of any excess (but not below zero).

8. EXCLUSIVE REMEDY

The payments and benefits provided pursuant to this Plan (plus any payments and benefits provided pursuant a Prior Indemnity Agreement or an agreement evidencing an Equity Award, subject to such acceleration of vesting, exercisability and settlement provided by this Plan), if applicable, shall constitute the Participant's sole and exclusive remedy for any alleged injury or other damages arising out of the cessation of the employment relationship between the Participant and the Company in the event of the Participant's Termination Upon a Change in Control. The Participant shall be entitled to no other compensation, benefits, or other payments from the Company as a result of any Termination Upon a Change in Control with respect to which the payments and benefits described in this Plan (plus any payments and benefits provided pursuant a Prior Indemnity Agreement or an agreement evidencing an Equity Award, subject to such acceleration of vesting, exercisability and settlement provided by this Plan), if applicable, have been provided to the Participant, except as expressly set forth in this Plan or, subject to the provisions of Sections 7.2, in a duly executed employment agreement between Company and the Participant.

9. **PROPRIETARY AND CONFIDENTIAL INFORMATION**

The Participant agrees to continue to abide by the terms and conditions of the confidentiality and/or proprietary rights agreement between the Participant and the Company or any other member of the Company Group.

10. **NONSOLICITATION**

If the Company performs its obligations to deliver the payments and benefits set forth in this Plan (plus any payments and benefits provided pursuant a Prior Indemnity Agreement or an agreement evidencing an Equity Award, subject to such acceleration of vesting, exercisability and settlement provided by this Plan), then, for a period equal to the greater of (a) one (1) year following the Participant's Termination Upon a Change in Control, and (b) the Severance Benefit Period, the Participant shall not, directly or indirectly, recruit, solicit or invite the solicitation of any employees of the Company to terminate their employment relationship with the Company.

11. **NO CONTRACT OF EMPLOYMENT**

Neither the establishment of the Plan, nor any amendment thereto, nor the payment of any benefits shall be construed as giving any person the right to be retained by the Company, a Successor or any other member of the Company Group. Except as otherwise established in an employment agreement between the Company and a Participant, the employment relationship between the Participant and the Company is an "at-will" relationship. Accordingly, either the Participant or the Company may terminate the relationship at any time, with or without cause, and with or without notice except as otherwise provided by Section 15. In addition, nothing in this Plan shall in any manner obligate any Successor or other member of the Company Group to offer employment to any Participant or to continue the employment of any Participant which it does hire for any specific duration of time.

12. **CLAIMS FOR BENEFITS**

12.1 **ERISA Plan.** This Plan is intended to be (a) an employee welfare plan as defined in Section 3(1) of Employee Retirement Income Security Act of 1974 ("***ERISA***") and (b) a "top-hat" plan maintained for the benefit of a select group of management or highly compensated employees of the Company Group. This document is intended to constitute both the Plan document and the Plan's Summary Plan Description. For purposes of ERISA, the Company shall be "Plan Administrator."

12.2 **Application for Benefits.** All applications for payments and/or benefits under the Plan ("***Benefits***") shall be submitted to the Company's Benefits department personnel (the "***Claims Administrator***"), with a copy to the Company's General Counsel. Applications for Benefits must be in writing on forms acceptable to the Claims Administrator and must be signed by the Participant or beneficiary. The Claims Administrator reserves the right to require the Participant or beneficiary to furnish such other proof of the Participant's expenses, including without limitation, receipts, canceled checks, bills, and invoices as may be required by the Claims Administrator.

12.3 **Appeal of Denial of Claim.**

(a) If a claimant's claim for Benefits is denied, the Claims Administrator shall provide notice to the claimant in writing of the denial within ninety (90) days after its submission. The notice shall be written in a manner calculated to be understood by the claimant and shall include:

(1) The specific reason or reasons for the denial;

(2) Specific references to the Plan provisions on which the denial is based;

(3) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

(4) An explanation of the Plan's claims review procedures and a statement of claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

(b) If special circumstances require an extension of time for processing the initial claim, a written notice of the extension and the reason therefor shall be furnished to the claimant before the end of the initial ninety (90) day period. In no event shall such extension exceed ninety (90) days.

(c) If a claim for Benefits is denied, the claimant, at the claimant's sole expense, may appeal the denial to the Committee (the "***Appeals Administrator***") within sixty (60) days of the receipt of written notice of the denial. In pursuing such appeal the applicant or his duly authorized representative:

(1) may request in writing that the Appeals Administrator review the denial;

(2) may review pertinent documents; and

(3) may submit issues and comments in writing.

(d) The decision on review shall be made within sixty (60) days of receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review. If such an extension of time is required, written notice of the extension shall be furnished to the claimant before the end of the original sixty (60) day period. The decision on review shall be made in writing, shall be written in a manner calculated to be understood by the claimant, and, if the decision on review is a denial of the claim for Benefits, shall include:

(1) The specific reason or reasons for the denial;

(2) Specific references to the Plan provisions on which the denial is based;

(3) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

(4) An explanation of the Plan's claims review procedures and a statement of claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

12.4 **Discretionary Authority**. In performing their duties under the Plan, the Company, the Claims Administrator and the Appeals Administrator shall have the discretionary

authority to interpret the terms and the eligibility provisions of the Plan and any Participation Agreement.

13. **DISPUTE RESOLUTION**

13.1 **Disputes Subject to Arbitration.** Any claim, dispute or controversy arising out of this Plan, the interpretation, validity or enforceability of this Plan or the alleged breach thereof shall be submitted by the parties to binding arbitration by the American Arbitration Association or as otherwise required by ERISA; provided, however, that (a) the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to trade secrets, confidential and proprietary information or other intellectual property; and (b) this arbitration provision shall not preclude the parties from seeking legal and equitable relief from any court having jurisdiction with respect to any disputes or claims relating to or arising out of the misuse or misappropriation of intellectual property. Judgment may be entered on the award of the arbitrator in any court having jurisdiction.

13.2 **Site of Arbitration.** The site of the arbitration proceeding shall be in Santa Clara, California or any other site mutually agreed to by the Company and the Participant.

13.3 **Costs and Expenses Borne by Company.** All costs and expenses of arbitration, including but not limited to reasonable attorneys' fees and other costs reasonably incurred by the Participant in connection with an arbitration in accordance with this Section 13, shall be paid by the Company. Notwithstanding the foregoing, if the Participant initiates the arbitration, and the arbitrator finds that the Participant's claims were totally without merit or frivolous, then the Participant shall be responsible for the Participant's own attorneys' fees and costs.

14. **SUCCESSORS AND ASSIGNS**

14.1 **Successors of the Company.** The Company shall require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, expressly, absolutely and unconditionally to assume and agree to perform this Plan in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Failure of the Company to obtain such agreement shall be a material breach of this Plan and shall entitle the Participant to resign for Good Reason and to receive the benefits provided under this Plan in the event of Termination Upon a Change in Control.

14.2 **Acknowledgment by Company.** If, after a Change in Control, the Company fails to reasonably confirm that it has performed the obligation described in Section 14.1 within thirty (30) days after written notice from the Participant, such failure shall be a material breach of this Plan and shall entitle the Participant to resign for Good Reason and to receive the benefits provided under this Plan in the event of Termination Upon a Change in Control.

14.3 **Heirs and Representatives of Participant.** This Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors,

administrators, successors, heirs, distributees, devises, legatees or other beneficiaries. If the Participant should die while any amount would still be payable to the Participant hereunder (other than amounts which, by their terms, terminate upon the death of the Participant) if the Participant had continued to live, then all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executors, personal representatives or administrators of the Participant's estate.

15. **NOTICES**

15.1 **General.** For purposes of this Plan, notices and all other communications shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States certified mail, return receipt requested, or by overnight courier, postage prepaid, as follows:

(a) if to the Company:

Extreme Networks, Inc.
145 Rio Robles
San Jose, CA 95134
Attention: General Counsel

(b) if to the Participant, at the home address which the Participant most recently communicated to the Company in writing.

Either party may provide the other with notices of change of address, which shall be effective upon receipt.

15.2 **Notice of Termination.** Any termination by the Company of the Participant's employment during the Change in Control Period or any resignation by the Participant during the Change in Control Period shall be communicated by a notice of termination or resignation to the other party hereto given in accordance with Section 15.1. Such notice shall indicate the specific termination provision in this Plan relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and shall specify the termination date.

16. **TERMINATION AND AMENDMENT OF PLAN**

The Plan and/or any Participation Agreement executed by a Participant may not be terminated with respect to such Participant without the written consent of the Participant and the approval of the Board or the Committee. The Plan and/or any Participation Agreement executed by a Participant may be modified, amended or superseded with respect to such Participant only by a supplemental written agreement between the Participant and the Company approved by the Board or the Committee. Notwithstanding any other provision of the Plan to the contrary, the Board or the Committee may, in its sole and absolute discretion and without the consent of any Participant, amend the Plan or any Participation Agreement, to take effect retroactively or otherwise, as it deems

necessary or advisable for the purpose of conforming the Plan or such Participation Agreement to any present or future law relating to plans of this or similar nature (including, but not limited to, Section 409A of the Code), and to the administrative regulations and rulings promulgated thereunder.

17. **MISCELLANEOUS PROVISIONS**

17.1 **Unfunded Obligation.** Any amounts payable to Participants pursuant to the Plan are unfunded obligations. The Company shall not be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Board or the Company and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of the Company.

17.2 **No Duty to Mitigate; Obligations of Company.** A Participant shall not be required to mitigate the amount of any payment or benefit contemplated by this Plan by seeking employment with a new employer or otherwise, nor shall any such payment or benefit (except for benefits to the extent described in Section 6.2) be reduced by any compensation or benefits that the Participant may receive from employment by another employer. Except as otherwise provided by this Plan, the obligations of the Company to make payments to the Participant and to make the arrangements provided for herein are absolute and unconditional and may not be reduced by any circumstances, including without limitation any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Participant or any third party at any time.

17.3 **No Representations.** By executing a Participation Agreement, the Participant acknowledges that in becoming a Participant in the Plan, the Participant is not relying and has not relied on any promise, representation or statement made by or on behalf of the Company which is not set forth in this Plan.

17.4 **Waiver.** No waiver by the Participant or the Company of any breach of, or of any lack of compliance with, any condition or provision of this Plan by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

17.5 **Choice of Law.** The validity, interpretation, construction and performance of this Plan shall be governed by the substantive laws of the State of California, without regard to its conflict of law provisions to the extent that ERISA does not govern.

17.6 **Validity.** The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect.

17.7 **Benefits Not Assignable.** Except as otherwise provided herein or by law, no right or interest of any Participant under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, without limitation, by execution, levy, garnishment, attachment, pledge or in any other manner, and no attempted transfer or assignment thereof shall be effective. No right or interest of any Participant under the Plan shall be liable for, or subject to, any obligation or liability of such Participant.

17.8 **Tax Withholding.** All payments made pursuant to this Plan will be subject to withholding of applicable income and employment taxes.

17.9 **Consultation with Legal and Financial Advisors.** By executing a Participation Agreement, the Participant acknowledges that this Plan confers significant legal rights, and may also involve the waiver of rights under other agreements; that the Company has encouraged the Participant to consult with the Participant's personal legal and financial advisors; and that the Participant has had adequate time to consult with the Participant's advisors before executing the Participation Agreement.

18. <u>AGREEMENT</u>

By executing a Participation Agreement, the Participant acknowledges that the Participant has received a copy of this Plan and has read, understands and is familiar with the terms and provisions of this Plan. This Plan shall constitute an agreement between the Company and the Participant executing a Participation Agreement.

IN WITNESS WHEREOF, the undersigned Secretary of the Company certifies that the foregoing Amended and Restated Plan was duly approved by the Board on February 12, 2014.

—

Allison Amadia
Corporate Secretary

APPENDIX A

Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below:

(a) “***Acquiror***” means, with respect to a Change in Control, the surviving, continuing, successor or purchasing corporation or other business entity or parent thereof, as the case may be.

(b) “***Annual Bonus***” means an amount equal to the aggregate of all annual incentive bonuses that would be earned by the Participant at the targeted annual rate (determined as if 100% of all applicable performance goals are met) under the terms of the programs, plans or agreements providing for such bonuses in which the Participant was participating for the fiscal year of the Participant’s Termination Upon a Change in Control. For this purpose, annual incentive bonuses shall not include signing bonuses or other nonrecurring cash incentive awards.

(c) “***Base Salary Rate***” means the greater of (1) the Participant’s monthly base salary rate in effect immediately prior to the Participant’s Termination Upon a Change in Control or (2) the Participant’s monthly base salary rate in effect immediately prior to the applicable Change in Control. For this purpose, base salary does not include any bonuses, commissions, fringe benefits, car allowances, other irregular payments or any other compensation except base salary.

(d) “***Board***” means the Board of Directors of the Company.

(e) “***Cause***” means the occurrence of any of the following: (1) the Participant’s theft, dishonesty, misconduct, breach of fiduciary duty for personal profit, or falsification of any documents or records of the Company Group; (2) the Participant’s material failure to abide by the code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct) of any member of the Company Group; (3) misconduct by the Participant within the scope of Section 304 of the Sarbanes-Oxley Act of 2002 as a result of which of the Company is required to prepare an accounting restatement; (4) the Participant’s unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of a member of the Company Group (including, without limitation, the Participant’s improper use or disclosure of the confidential or proprietary information of a member of the Company Group); (5) any intentional act by the Participant which has a material detrimental effect on reputation or business of a member of the Company Group; (6) the Participant’s repeated failure or inability to perform any reasonable assigned duties after written notice from a member of the Company Group of, and a reasonable opportunity to cure, such failure or inability; (7) any material breach by the Participant of any employment, non-disclosure, non-competition, non-solicitation or other similar agreement between the Participant and a member of the Company Group, which breach is not cured pursuant to the terms of such agreement; or (8) the Participant’s conviction (including any plea of guilty or *nolo contendere*) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs the Participant’s ability to perform his or her duties with a member of the Company Group.

(f) "***Change in Control***" means the occurrence of any of the following:

(1) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), other than a trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company, becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total combined voting power of the Company's then-outstanding securities entitled to vote generally in the election of directors;

(2) the Company is party to a merger or consolidation which results in the holders of the voting securities of the Company outstanding immediately prior thereto failing to retain immediately after such merger or consolidation direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the securities entitled to vote generally in the election of directors of the Company or the surviving entity outstanding immediately after such merger or consolidation;

(3) the sale or disposition of all or substantially all of the Company's assets or consummation of any transaction having similar effect (other than a sale or disposition to one or more subsidiaries of the Company); or

(4) a change in the composition of the Board within any twelve (12) month period as a result of which fewer than a majority of the directors are Incumbent Directors; provided; however, that to the extent that any amount constituting nonqualified deferred compensation subject to Section 409A of the Code would become payable under this Plan by reason of a Change in Control, such amount shall become payable only if the event constituting a Change in Control would also constitute a change in ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, within the meaning of Section 409A of the Code.

(g) "***Change in Control Period***" means a period commencing upon the date of the consummation of a Change in Control and ending on the date occurring twelve (12) months thereafter.

(h) "***Code***" means the Internal Revenue Code of 1986, as amended, or any successor thereto and any applicable regulations (including proposed or temporary regulations) and other Internal Revenue Service guidance promulgated thereunder.

(i) "***Committee***" means the Compensation Committee of the Board.

(j) "***Company***" means Extreme Networks, Inc., a Delaware corporation, and, following a Change in Control, a Successor that agrees to assume all of the terms and provisions of this Plan or a Successor which otherwise becomes bound by operation of law to this Plan.

(k) "***Company Group***" means the group consisting of the Company and each present or future parent and subsidiary corporation or other business entity thereof.

(l) “***Disability***” means a Participant’s permanent and total disability within the meaning of Section 22(e)(3) of the Code.

(m) “***Equity Award***” means any Option, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or other stock-based compensation award.

(n) “***Good Reason***” means the occurrence during a Change in Control Period of any of the following conditions without the Participant’s informed written consent, which condition(s) remain(s) in effect twenty (20) days after written notice to the Company from the Participant of such condition(s):

(1) a material, adverse change in the Participant’s position, duties, substantive functional responsibilities or reporting relationships, causing the Participant’s position to be of materially lesser rank or responsibility within the Company or an equivalent business unit of its parent as measured by the position occupied by the Participant immediately prior to the Change in Control; or

(2) a decrease in the Participant’s base salary rate or a decrease in the Participant’s target bonus amount (subject to applicable performance requirements with respect to the actual amount of bonus compensation earned by the Participant); or

(3) any failure by the Company Group to (i) continue to provide the Participant with the opportunity to participate, on terms no less favorable than those in effect for the benefit of any employee group which customarily includes a person holding the employment position or a comparable position with the Company Group then held by the Participant, in any benefit or compensation plans and programs, including, but not limited to, the Company Group’s life, disability, health, dental, medical, savings, profit sharing, stock purchase and retirement plans, if any, in which the Participant was participating immediately prior to the Change in Control, or their equivalent, or (ii) provide the Participant with all other fringe benefits (or their equivalent) from time to time in effect for the benefit of any employee group which customarily includes a person holding the employment position or a comparable position with the Company Group then held by the Participant; or

(4) the relocation of the Participant’s work place for the Company Group to a location that increases the regular commute distance between the Participant’s residence and work place by more than thirty (30) miles (one-way), or, following the consummation of a Change in Control, the imposition of business travel requirements substantially more demanding of the Participant than such travel requirements existing immediately prior to the Change in Control; or

(5) any material breach of this Plan by the Company Group with respect to the Participant. The existence of Good Reason shall not be affected by the Participant’s temporary incapacity due to physical or mental illness not constituting a Disability. The Participant’s continued employment for a period not exceeding sixty (60) days following the occurrence of any condition constituting Good Reason shall not constitute consent to, or a waiver of rights with respect to, such condition. For the purposes of any determination regarding the existence of Good Reason, any claim by the Participant that Good Reason exists shall be presumed to be correct unless the Company

establishes to the Board that Good Reason does not exist, and the Board, acting in good faith, affirms such determination by a vote of not less than two-thirds of its entire membership (excluding the Participant if the Participant is a member of the Board).

(o) "***Incumbent Director***" means a director who either (1) is a member of the Board as of the Effective Date, or (2) is elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination, but (3) was not elected or nominated in connection with an actual or threatened proxy contest relating to the election of directors of the Company.

(p) "***Officer***" means an individual who, serves as a vice president of the Company and reports directly to the Company's Chief Executive Officer.

(q) "***Option***" means any option to purchase shares of the capital stock of the Company or of any other member of the Company Group granted to a Participant by the Company or any other Company Group member, whether granted before or after a Change in Control.

(r) "***Participant***" means each individual eligible to participate in the Plan pursuant to Section 3 who has been designated by the Committee as a Participant, provided such individual has executed a Participation Agreement.

(s) "***Participation Agreement***" means an Agreement to Participate in the Extreme Networks, Inc. Executive Change in Control Severance Plan in the form as the Committee may approve from time to time; provided, however, that, after a Participation Agreement has been entered into between a Participant and the Company, it may be modified only by a supplemental written agreement executed by both the Participant and the Company. The terms of such forms of Participation Agreement need not be identical with respect to each Participant. For example, a Participation Agreement may limit the duration of a Participant's participation in the Plan or may modify the definition of "Change in Control" with respect to a Participant.

(t) "***Prior Year Bonus***" means the aggregate of all bonuses earned by the Participant (whether or not actually paid) under the terms of the programs, plans or agreements providing for such bonuses for the fiscal year of the Company immediately preceding the fiscal year of the Participant's termination of employment.

(u) "***Release***" means a general release of all known and unknown claims against the Company and its affiliates and their stockholders, directors, officers, employees, agents, successors and assigns substantially in the form attached hereto as Exhibit A ("General Release of Claims [Age 40 and over]" or Exhibit B ("General Release of Claims [Under age 40]"), whichever is applicable to the Participant, with any modifications thereto determined by legal counsel to the Company to be necessary or advisable to comply with applicable law or to accomplish the intent of Section 8 (Exclusive Remedy) hereof.

(v) "***Release Deadline***: means, with respect to the Release attached as Exhibit A, the date which is forty five (45) days following the Participant's Separation from Service. With respect

to the Release attached as Exhibit B, the "Release Deadline" shall be the date which is twenty one (21) days following the Participant's Separation from Service.

(w) "***Restricted Stock***" means any compensatory award of shares of the capital stock of the Company or of any other member of the Company Group granted to a Participant by the Company or any other Company Group member or acquired upon the exercise of an Option, whether such shares are granted or acquired before or after a Change in Control, including any shares issued in exchange for any such shares by a Successor or any other member of the Company Group.

(x) "***Restricted Stock Units***" mean any compensatory award of rights to receive shares of the capital stock or cash in an amount measured by the value of shares of the capital stock of the Company or of any other member of the Company Group at one or more specified future times or upon the satisfaction of one or more specified conditions granted to a Participant by the Company or any other Company Group member, whether such awards are granted before or after a Change in Control, including any such awards granted in exchange for such awards by a Successor or any other member of the Company Group.

(y) "***Separation from Service***" means a separation from service as defined in Section 409A of the Code.

(z) "***Severance Benefit Period***" means the period set forth in a Participant's Participation Agreement that will be used to determine the amount of severance payments and other benefit to be received by a Participant.

(aa) "***Specified Employee***" means a specified employee as defined in Section 409A of the Code.

(bb) "***Stock Appreciation Right***" means any award consisting of the right to receive payment, for each share of the capital stock of the Company or of any other member of the Company Group subject to such award, of an amount equal to the excess, if any, of the fair market value of such share on the date of exercise of the award over the exercise price for such share granted to a Participant by the Company or any other Company Group member, whether such awards are granted before or after a Change in Control, including any such awards granted in exchange for such awards by a Successor or any other member of the Company Group.

(cc) "***Successor***" means any successor in interest to substantially all of the business and/or assets of the Company.

(dd) "***Termination Upon a Change in Control***" means the occurrence of any of the following events:

(1) termination by the Company Group of the Participant's employment for any reason other than Cause during the Change in Control Period; or

(2) the Participant's resignation for Good Reason from employment with the Company Group during the Change in Control Period, provided that such resignation occurs within

sixty (60) days following the occurrence of the condition constituting Good Reason; provided, however, that Termination Upon a Change in Control shall not include any termination of the Participant's employment which is (i) for Cause, (ii) a result of the Participant's death or Disability, or (iii) a result of the Participant's voluntary termination of employment other than for Good Reason. For purposes of entitlement to the Severance Benefits described in Section 5.2, to the extent that any amount constituting nonqualified deferred compensation subject to Section 409A of the Code would become payable under this Plan as a result of a Termination Upon a Change in Control, the amount shall not be paid unless and until the Participant incurs a Separation from Service.

(ee) "***Vice President***" means an individual who is a vice president of the Company and who does not report directly to the Company's Chief Executive Officer.

EXHIBIT A

FORM OF

GENERAL RELEASE OF CLAIMS
[Age 40 and over]

GENERAL RELEASE OF CLAIMS
[Age 40 and over]

This Agreement is by and between [**Employee Name**] (“Employee”) and [**Extreme Networks, Inc. or successor that agrees to assume the Executive Change in Control Severance Plan following a Change in Control**] (the “Company”). This Agreement will become effective on the eighth (8th) day after it is signed by Employee (the “Effective Date”), provided that the Company has signed this Agreement and Employee has not revoked this Agreement (by written notice to [**Company Contact Name**] at the Company) prior to that date.

RECITALS

A. Employee was employed by the Company as of ___________, ____.

B. Employee and the Company entered into an Agreement to Participate in the Extreme Networks, Inc. Executive Change in Control Severance Plan (such agreement and plan being referred to herein as the “Plan”) effective as of __________, ____ wherein Employee is entitled to receive certain benefits in the event of a Termination Upon a Change in Control (as defined by the Plan), provided Employee signs and does not revoke a Release (as defined by the Plan).

C. A Change in Control (as defined by the Plan) has occurred as a result of [**briefly describe change in control**]

D. Employee’s employment is being terminated as a result of a Termination Upon a Change in Control. Employee’s last day of work and termination are effective as of _______________, ____. Employee desires to receive the payments and benefits provided by the Plan by executing this Release.

NOW, THEREFORE, the parties agree as follows:

1. Commencing on the Effective Date, the Company shall provide Employee with the applicable payments and benefits set forth in the Plan in accordance with the terms of the Plan. Employee acknowledges that the payments and benefits made pursuant to this paragraph are made in full satisfaction of the Company’s obligations under the Plan. Employee further acknowledges that Employee has been paid all wages and accrued, unused vacation that Employee earned during his or her employment with the Company.

2. Employee and Employee’s successors release the Company, its respective subsidiaries, stockholders, investors, directors, officers, employees, agents, attorneys, insurers, legal successors and assigns of and from any and all claims, actions and causes of action, whether now known or unknown, which Employee now has, or at any other time had, or shall or may have against those released parties based upon or arising out of any matter, cause, fact, thing, act or omission whatsoever directly related to Employee’s employment by the Company or the termination of such employment and occurring or existing at any time up to and including the Effective Date, including, but not limited to, any claims of breach of written contract, wrongful termination, retaliation, fraud,

defamation, infliction of emotional distress, or national origin, race, age, sex, sexual orientation, disability or other discrimination or harassment under the Civil Rights Act of 1964, the Age Discrimination In Employment Act of 1967, the Americans with Disabilities Act, the Fair Employment and Housing Act or any other applicable law. Notwithstanding the foregoing, this release shall not apply to any right of the Employee pursuant to Section 5.4 of the Plan or pursuant to a Prior Indemnity Agreement (as such term is defined by the Plan).

3. Employee acknowledges that he or she has read Section 1542 of the Civil Code of the State of California, which states in full:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Employee waives any rights that Employee has or may have under Section 1542 and comparable or similar provisions of the laws of other states in the United States to the full extent that he or she may lawfully waive such rights pertaining to this general release of claims, and affirms that Employee is releasing all known and unknown claims that he or she has or may have against the parties listed above.

4. Employee and the Company acknowledge and agree that they shall continue to be bound by and comply with the terms and obligations under the following agreements: (i) any proprietary rights or confidentiality agreements between the Company and Employee, (ii) the Plan, (iii) any Prior Indemnity Agreement (as such term is defined by the Plan) to which Employee is a party, and (iv) any stock option, stock grant, stock purchase or other equity award agreements between the Company and Employee.

5. This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors, assigns, heirs and personal representatives.

6. The parties agree that any and all disputes that both (i) arise out of the Plan, the interpretation, validity or enforceability of the Plan or the alleged breach thereof and (ii) relate to the enforceability of this Agreement or the interpretation of the terms of this Agreement shall be subject to the provisions of Section 12 and Section 13 of the Plan.

7. The parties agree that any and all disputes that (i) do not arise out of the Plan, the interpretation, validity or enforceability of the Plan or the alleged breach thereof and (ii) relate to the enforceability of this Agreement, the interpretation of the terms of this Agreement or any of the matters herein released or herein described shall be resolved by means of binding arbitration before a sole arbitrator of the American Arbitration Association in Santa Clara, California. Judgment on the award may be entered in any court having jurisdiction. The prevailing party shall be entitled to recover from the losing party its attorneys’ fees and costs incurred in any action brought to resolve any such dispute.

8. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral, with the exception of any agreements described in paragraph 4 of this Agreement. This Agreement may not be modified or amended except by a document signed by an authorized officer of the Company and Employee. If any provision of this Agreement is deemed invalid, illegal or unenforceable, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected.

EMPLOYEE UNDERSTANDS THAT EMPLOYEE SHOULD CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT AND THAT EMPLOYEE IS GIVING UP ANY LEGAL CLAIMS EMPLOYEE HAS AGAINST THE PARTIES RELEASED ABOVE BY SIGNING THIS AGREEMENT. EMPLOYEE FURTHER UNDERSTANDS THAT EMPLOYEE MAY HAVE UP TO 45 DAYS TO CONSIDER THIS AGREEMENT, THAT EMPLOYEE MAY REVOKE IT AT ANY TIME DURING THE 7 DAYS AFTER EMPLOYEE SIGNS IT, AND THAT IT SHALL NOT BECOME EFFECTIVE UNTIL THAT 7-DAY PERIOD HAS PASSED. EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE IS SIGNING THIS AGREEMENT KNOWINGLY, WILLINGLY AND VOLUNTARILY IN EXCHANGE FOR THE COMPENSATION AND BENEFITS DESCRIBED IN PARAGRAPH 1.

Dated: ______________________ ______________________

[Employee Name]

[Company]

Dated: ______________________ By: ______________________

EXHIBIT B

FORM OF

GENERAL RELEASE OF CLAIMS
[Under age 40]

GENERAL RELEASE OF CLAIMS
[Under age 40]

This Agreement is by and between [**Employee Name**] ("Employee") and [**Extreme Networks, Inc. or successor that agrees to assume the Executive Change in Control Severance Plan following a Change in Control**] (the "Company"). This Agreement is effective on the day it is signed by Employee (the "Effective Date").

RECITALS

A. Employee was employed by the Company as of ____________, ____.

B. Employee and the Company entered into an Agreement to Participate in the Extreme Networks, Inc. Executive Change in Control Severance Plan (such agreement and plan being referred to herein as the "Plan") effective as of ___________, ____ wherein Employee is entitled to receive certain benefits in the event of a Termination Upon a Change in Control (as defined by the Plan), provided Employee signs a Release (as defined by the Plan).

C. A Change in Control (as defined by the Plan) has occurred as a result of [**briefly describe change in control**]

D. Employee's employment is being terminated as a result of a Termination Upon a Change in Control. Employee's last day of work and termination are effective as of ______________, ____ (the "Termination Date"). Employee desires to receive the payments and benefits provided by the Plan by executing this Release.

NOW, THEREFORE, the parties agree as follows:

1. Commencing on the Effective Date, the Company shall provide Employee with the applicable payments and benefits set forth in the Plan in accordance with the terms of the Plan. Employee acknowledges that the payments and benefits made pursuant to this paragraph are made in full satisfaction of the Company's obligations under the Plan. Employee further acknowledges that Employee has been paid all wages and accrued, unused vacation that Employee earned during his or her employment with the Company.

2. Employee and Employee's successors release the Company, its respective subsidiaries, stockholders, investors, directors, officers, employees, agents, attorneys, insurers, legal successors and assigns of and from any and all claims, actions and causes of action, whether now known or unknown, which Employee now has, or at any other time had, or shall or may have against those released parties based upon or arising out of any matter, cause, fact, thing, act or omission whatsoever directly related to Employee's employment by the Company or the termination of such employment and occurring or existing at any time up to and including the Termination Date, including, but not limited to, any claims of breach of written contract, wrongful termination, retaliation, fraud, defamation, infliction of emotional distress, or national origin, race, age, sex, sexual orientation, disability or other discrimination or harassment under the Civil Rights Act of

1964, the Age Discrimination In Employment Act of 1967, the Americans with Disabilities Act, the Fair Employment and Housing Act or any other applicable law. Notwithstanding the foregoing, this release shall not apply to any right of the Employee pursuant to Sections 5.4 of the Plan or pursuant to a Prior Indemnity Agreement (as such terms are defined by the Plan).

3. Employee acknowledges that he or she has read Section 1542 of the Civil Code of the State of California, which states in full:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Employee waives any rights that Employee has or may have under Section 1542 and comparable or similar provisions of the laws of other states in the United States to the full extent that he or she may lawfully waive such rights pertaining to this general release of claims, and affirms that Employee is releasing all known and unknown claims that he or she has or may have against the parties listed above.

4. Employee and the Company acknowledge and agree that they shall continue to be bound by and comply with the terms and his obligations under the following agreements: (i) any proprietary rights or confidentiality agreements between the Company and Employee, (ii) the Plan, (iii) any Prior Indemnity Agreement (as such term is defined by the Plan) to which Employee is a party, and (iv) any stock option, stock grant, stock purchase or other equity award agreements between the Company and Employee.

5. This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors, assigns, heirs and personal representatives.

6. The parties agree that any and all disputes that both (i) arise out of the Plan, the interpretation, validity or enforceability of the Plan or the alleged breach thereof and (ii) relate to the enforceability of this Agreement or the interpretation of the terms of this Agreement shall be subject to the provisions of Section 12 and Section 13 of the Plan.

7. The parties agree that any and all disputes that (i) do not arise out of the Plan, the interpretation, validity or enforceability of the Plan or the alleged breach thereof and (ii) relate to the enforceability of this Agreement, the interpretation of the terms of this Agreement or any of the matters herein released or herein described shall be resolved by means of binding arbitration before a sole arbitrator of the American Arbitration Association in Santa Clara, California. Judgment on the award may be entered in any court having jurisdiction. The prevailing party shall be entitled to recover from the losing party its attorneys' fees and costs incurred in any action brought to resolve any such dispute.

8. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral, with the exception of any agreements described in paragraph 4 of this Agreement. This

Agreement may not be modified or amended except by a document signed by an authorized officer of the Company and Employee. If any provision of this Agreement is deemed invalid, illegal or unenforceable, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected.

EMPLOYEE UNDERSTANDS THAT EMPLOYEE SHOULD CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT AND THAT EMPLOYEE IS GIVING UP ANY LEGAL CLAIMS EMPLOYEE HAS AGAINST THE PARTIES RELEASED ABOVE BY SIGNING THIS AGREEMENT. EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE IS SIGNING THIS AGREEMENT KNOWINGLY, WILLINGLY AND VOLUNTARILY IN EXCHANGE FOR THE COMPENSATION AND BENEFITS DESCRIBED IN PARAGRAPH 1.

Dated: ____________________ ________________________________

[Employee Name]

[Company]

Dated: ____________________ By: ________________________________

AGREEMENT TO PARTICIPATE IN THE
EXTREME NETWORKS, INC.
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN
As Amended and Restated February 12, 2014

This Participation Agreement summarizes the benefits provided to ______________________ ("you") by Extreme Networks, Inc. (the "Company") under the Company's Executive Change in Control Severance Plan (As Amended and Restated dated February 12, 2014) (the "Plan"). All references to the "Participant" in the Plan shall be deemed to refer to you. In consideration for the benefits provided through the Plan, you agree that you shall become a Participant in the Plan as of the date signed by the Company set forth below (the "Effective Date") and shall be fully bound by and subject to all its provisions. [**Instruction: Include the following language if the undersigned party is already a Participant under the Plan *[This Agreement supersedes the Participation Agreement previously signed by you on _____________.***

Except as otherwise provided in this document, capitalized terms in this Participation Agreement shall have the same meaning as in the Plan. Your rights pursuant to this Participation Agreement shall apply for a period of three (3) years from the Effective Date subject to further renewals at the discretion of the Company.

[Instruction: Choose Option 1, 2 or 3 and delete other Options.]

Option #1 (CEO)

[You acknowledge and agree that, for purposes of the Plan, the "Severance Benefit Period" applicable to you under the Plan shall be a period of 18 months.

If your employment is terminated by the Company without Cause or you terminate due to Good Reason either upon a Change in Control or within the twelve (12) month period commencing on the date of the consummation of a Change in Control and you sign a Release as described in the Plan, you will be entitled to receive:

- **a lump sum payment equal to 18 months of your then current base salary and 18 months of your then current on-target annual bonus** (The timing of this payment will occur as set forth in the Plan and in compliance with Section 409A of the Internal Revenue Code.)**;**
- **100% acceleration of the vesting of outstanding Equity Awards; and**
- **certain other health insurance and other benefits as described in the Plan.**]

Option #2 (Officers)

[You acknowledge and agree that, for purposes of the Plan, you are an "Officer" (as such term is defined by the Plan) as of the date of this Agreement. The "Severance Benefit Period" applicable to you under the Plan shall be a period of 12 months.

If your employment is terminated by the Company without Cause or you terminate due to Good Reason either upon a Change in Control or within the twelve (12) month period commencing on the date of the consummation of a Change in Control and you sign a Release as described in the Plan, you will be entitled to receive:

- **a lump sum payment equal to 12 months of your then current base salary and 12 months of your then current on-target annual bonus** (The timing of this payment will occur as set forth in the Plan and in compliance with Section 409A of the Internal Revenue Code.)**;**
- **100% acceleration of the vesting of outstanding Equity Awards; and**
- **certain other health insurance and other benefits as described in the Plan.**]

Option #3 (Vice Presidents)

[You acknowledge and agree that, for purposes of the Plan, you are a "Vice President" but not an "Officer" (as such terms are defined by the Plan) as of the date of this Agreement. The "Severance Benefit Period" applicable to you under the Plan shall be a period of 6 months.

If your employment is terminated by the Company without Cause or you terminate due to Good Reason either upon a Change in Control or within the twelve (12) month period commencing on the date of the consummation of a Change in Control and you sign a Release as described in the Plan, you will be entitled to receive:

- **a lump sum payment equal to 6 months of your then current base salary and 6 months of your then current on-target annual bonus** (The timing of this payment will occur as set forth in the Plan and in compliance with Section 409A of the Internal Revenue Code.)**;**
- **100% acceleration of the vesting of outstanding Equity Awards; and**
- **certain other health insurance and other benefits as described in the Plan.**]

You acknowledge that the Plan confers significant legal rights and may also constitute a waiver of rights under other agreements with the Company; that the Company has encouraged you to consult with your personal legal and financial advisors; and that you have had adequate time to consult with your advisors before executing this agreement. You acknowledge that you have received a copy of the Plan and have read, understood and are familiar with the terms and provisions of the Plan.

You further acknowledge that, except as otherwise established in an employment agreement between the Company and you, the employment relationship between you and the Company is an "at-will" relationship.

The Plan contains additional terms and conditions relating to the matters addressed in this Participation Agreement. Such provisions are incorporated into this Agreement by reference. In the event of any conflict between this Participation Agreement and the Plan, the terms of the Plan shall govern.

Executed on __________________________.

PARTICIPANT	EXTREME NETWORKS, INC.
______________________	By: ______________________
Signature	
______________________	Title: ______________________
Name Printed	
______________________	Date: ______________________
Address	(the "Effective Date")

Exhibit 31.1

SECTION 302 CERTIFICATION OF CHARLES W. BERGER
AS CHIEF EXECUTIVE OFFICER

I, Charles W. Berger, certify that:

1. I have reviewed this Form 10-Q of Extreme Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2014

/s/ CHARLES W. BERGER

Charles W. Berger
President and Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION OF JOHN KURTZWEIL
AS CHIEF FINANCIAL OFFICER

I, John Kurtzweil, certify that:

1. I have reviewed this Form 10-Q of Extreme Networks, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2014

/s/ JOHN KURTZWEIL

John Kurtzweil
Senior Vice President, Chief Financial Officer, and Chief Accounting Officer

EXHIBIT 32.1

CERTIFICATION OF CHARLES W. BERGER AS CHIEF EXECUTIVE OFFICER, PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Extreme Networks, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the date specified below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHARLES W. BERGER

Charles W. Berger
President and Chief Executive Officer
May 7, 2014

EXHIBIT 32.2

CERTIFICATION OF JOHN KURTZWEIL AS CHIEF FINANCIAL OFFICER, PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Extreme Networks, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacities and on the date specified below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN KURTZWEIL

John Kurtzweil
Senior Vice President, Chief Financial Officer, and Chief Accounting Officer
May 7, 2014