



Extreme Networks Reports Financial Results

Revenue in Line with Preliminary Release

Paris, France - Oct 27, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- Extreme Networks, Inc. (Nasdaq: EXTR) today announced financial results for its 2010 fiscal first quarter ended September 27, 2009. The Company will host a conference call to discuss these results and its growth initiatives today at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time).

"Last week we completed a reorganization to streamline operations, simplify the organization and reduce recurring costs. The effect of this action was to lower our quarterly breakeven to less than \$70 million in revenue and reduce quarterly operating expenses by approximately \$2.5 million. The reorganization consolidated the Business Units into a simple functional organization with centralized Marketing and Engineering. We believe this will create significant efficiencies and accelerate decision-making," said Bob L. Corey, CFO and acting President & CEO of Extreme Networks. "As previously announced, our supply chain was constrained during Q1 impacting our ability to deliver product. We are disappointed with our performance in Q1 and are actively improving availability from our Supply Chain to meet Customer demand for our products in Q2. We remain committed to our products, markets, channels and customers."

For the quarter, net revenue was \$66.3 million, compared to \$89.5 million in the fiscal first quarter of 2009. Non-GAAP net loss was \$4.9 million or a loss of \$0.05 per diluted share, compared to non-GAAP net income of \$2.0 million or \$0.02 per diluted share in the year-ago quarter. Non-GAAP financial results exclude the impact of stock-based compensation and restructuring charges. A reconciliation of GAAP to non-GAAP financial measures is included in the accompanying financial tables.

For the first quarter, net revenue in North America was \$26.9 million, revenue in EMEA was \$28.1 million, and revenue in APAC was \$11.4 million. That compares to revenue of \$35.7 million in North America, \$41.6 million in EMEA, and \$12.2 million in APAC in the year-ago fiscal first quarter.

Net loss on a GAAP basis for the first quarter was \$5.5 million or \$0.06 per diluted share, compared to net income of \$1.6 million or \$0.01 per diluted share in the year-ago fiscal first quarter.

Non-GAAP Financial Measures

Extreme Networks provides all financial information required in accordance with generally accepted accounting principles (GAAP). To supplement our consolidated financial statements presented in accordance with GAAP, we are also providing with this press release non-GAAP net income. In preparing our non-GAAP information, we have excluded, where applicable, the impact of restructuring charges (a non-recurring charge) and share-based compensation (a non-cash charge). Because of the non-recurring and/or non-cash nature of these charges, we believe that excluding them provides both management and investors with additional insight into our current operations, the trends affecting the Company and the Company's marketplace performance. In particular, management finds it useful to exclude these charges in order to more readily correlate the Company's operating activities with the Company's ability to generate cash from operations. Accordingly, management uses these non-GAAP measures, along with the comparable GAAP information, in evaluating our historical performance and in planning our future business activities. Please note that our non-GAAP measures may be different

than those used by other companies. The additional non-GAAP financial information we present should be considered in conjunction with, and not as a substitute for, our financial information presented in accordance with GAAP. We have provided a non-GAAP reconciliation of the Consolidated Statement of Operations for the periods presented in this release, which are adjusted to exclude restructuring charges and share-based compensation expense for these periods. These measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures for comparable financial information and understanding of the Company's ongoing performance as a business. Extreme Networks uses both GAAP and non-GAAP measures to evaluate and manage its operations.

Extreme Networks, Inc.

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

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

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