

EXTREME NETWORKS INC  
Form 10-Q  
November 10, 2011  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

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Form 10-Q

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(Mark One)

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

For the quarterly period ended October 2, 2011

OR

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  
[State or other jurisdiction  
of incorporation or organization]

77-0430270  
[I.R.S Employer  
Identification No.]

3585 Monroe Street,  
Santa Clara, California  
[Address of principal executive office]

95051  
[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  No

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  No

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.

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

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

The number of shares of the Registrant's Common Stock, \$.001 par value, outstanding at October 31, 2011 was 93,055,019.

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

	October 2, 2011	July 3, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$44,214	\$49,972
Short-term investments	31,933	41,357
Accounts receivable, net of allowances of \$1,131 at October 2, 2011 and \$1,412 at July 3, 2011	28,638	33,689
Inventories, net	23,014	21,583
Deferred income taxes	674	681
Prepaid expenses and other current assets, net	6,345	10,132
Total current assets	134,818	157,414
Property and equipment, net	41,825	41,877
Marketable securities	64,548	55,648
Intangible assets	4,388	4,906
Other assets, net	10,711	11,128
Total assets	\$256,290	\$270,973
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$12,181	\$15,092
Accrued compensation and benefits	11,219	13,723
Restructuring liabilities	1,753	3,183
Accrued warranty	2,702	2,640
Deferred revenue, net	28,633	29,613
Deferred distributors revenue, net of deferred cost of sales to distributors	11,998	16,552
Other accrued liabilities	13,726	19,050
Total current liabilities	82,212	99,853
Restructuring liabilities, less current portion	—	—
Deferred revenue, less current portion	7,554	7,360
Deferred income taxes	118	93
Other long-term liabilities	2,327	2,381
Commitments and contingencies (Note 3)		
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; 132,512,444 and 92,887,139 shares issued and outstanding, respectively, at October 2, 2011 and 132,147,451 and 92,522,146 shares issued and outstanding, respectively, at July 3, 2011	132	132
Treasury stock, 39,625,305 shares at October 2, 2011 and July 3, 2011	(149,666)	(149,666)
Additional paid-in-capital	966,080	963,565
Accumulated other comprehensive income	2,398	3,703
Accumulated deficit	(654,865)	(656,448)
Total stockholders' equity	164,079	161,286

Total liabilities and stockholders' equity	\$256,290	\$270,973
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See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended	
	October 2, 2011	September 26, 2010
Net revenues:		
Product	\$63,213	\$69,213
Service	15,681	14,624
Total net revenues	78,894	83,837
Cost of revenues:		
Product	29,478	30,830
Service	5,880	6,170
Total cost of revenues	35,358	37,000
Gross profit:		
Product	33,735	38,383
Service	9,801	8,454
Total gross profit	43,536	46,837
Operating expenses:		
Sales and marketing	22,121	24,906
Research and development	12,408	12,861
General and administrative	6,270	6,585
Restructuring charge, net of reversal	955	—
Total operating expenses	41,754	44,352