

EXTREME NETWORKS INC
Form DEF 14A
October 26, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

EXTREME NETWORKS, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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4) Date Filed:

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Extreme Networks, Inc.
3585 Monroe Street
Santa Clara, California 95051
(408) 579-2800

October 26, 2012

Dear Stockholder:

You are cordially invited to attend our 2012 Annual Meeting of Stockholders to be held on Tuesday, November 27, 2012 at 1:00 p.m. Eastern Standard Time at the Hyatt House Raleigh Durham Airport, 10962 Chapel Hill Road, Morrisville, North Carolina, 27560.

At this meeting, you are being requested to:

Elect six members of the Board of Directors for a one-year term;

Vote to extend the term of the Amended and Restated Shareholders Rights Plan for an additional year to April 30, 2014;

Vote on a non-binding advisory resolution to approve executive compensation;

Ratify the appointment of our independent auditors for our fiscal year ending June 30, 2013; and

Transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Please refer to the Notice of Annual Meeting of Stockholders and Proxy Statement for further information on each of these proposals.

It is important that you use this opportunity to take part in the affairs of Extreme Networks by voting on the business to come before this meeting. After reading the Proxy Statement and Annual Report on Form 10-K for the fiscal year ended June 30, 2012, please promptly mark, sign, date and return the enclosed proxy card in the prepaid envelope to ensure that your shares are represented. We also provide our stockholders the opportunity to receive stockholder communications electronically. If you elected for electronic delivery of the Proxy Statement and Annual Report on Form 10-K for the fiscal year ended June 30, 2012, you will not be receiving a proxy card and must vote electronically.

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For more information, see *Electronic Delivery of Stockholder Communications* in the Proxy Statement.

If you have any further questions concerning the annual meeting or any of the proposals, please contact our investor relations department at (408) 579-3030. We look forward to your attendance at the annual meeting.

Yours Very Truly,

Oscar Rodriguez

President and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

November 27, 2012

TO THE STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of Stockholders of Extreme Networks, Inc., a Delaware corporation, will be held on Tuesday, November 27, 2012 at 1:00 p.m. Eastern Standard Time at the Hyatt House Raleigh Durham Airport, 10962 Chapel Hill Road, Morrisville, North Carolina, 27560, in order to:

1. Elect six directors to hold office for a one-year term and until their successors are elected and qualified or until their earlier resignation or removal;
2. Vote to extend the term of the Amended and Restated Shareholders Rights Plan for an additional year to April 30, 2014;
3. Vote on a non-binding advisory resolution to approve executive compensation;
4. Ratify the appointment of KPMG LLP, independent registered public accounting firm, as our independent auditors for the fiscal year ending June 30, 2013; and
5. Transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Our board of directors recommends a vote FOR Items 1, 2, 3 and 4. Stockholders of record at the close of business on October 5, 2012 are entitled to notice of, and to vote at, this meeting and any adjournment or postponement thereof. For ten days prior to the meeting, a complete list of stockholders entitled to attend and vote at the meeting will be available for review by any stockholder during normal business hours at our headquarters located at 3585 Monroe Street, Santa Clara, California 95051.

BY ORDER OF THE BOARD OF DIRECTORS,

Edward B. Meyercord, III

Chairman of the Board of Directors

Santa Clara, California

October 26, 2012

YOUR VOTE IS IMPORTANT: Please vote your shares via telephone or the Internet, as described in the accompanying materials, to assure that your shares are represented at the meeting, or, if you received a paper copy of the proxy card by mail, you may mark, sign

and date the proxy card and return it in the enclosed postage-paid envelope. If you attend the meeting, you may choose to vote in person even if you have previously voted your shares.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 27, 2012: Our Proxy Statement is enclosed. Financial and other information concerning Extreme Networks is contained in our Annual Report to Stockholders for the fiscal year ended June 30, 2012. A complete set of proxy materials relating to our annual meeting, consisting of the Notice of Annual Meeting, Proxy Statement, Proxy Card and Annual Report to Stockholders, is available on the Internet and may be viewed at www.proxyvote.com, where you may also cast your vote.

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EXTREME NETWORKS, INC.

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

General

Our Board of Directors, or our Board, is soliciting your proxy for the 2012 Annual Meeting of Stockholders to be held on Tuesday, November 27, 2012, or at any postponement or adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement and related materials are first being mailed to stockholders on or about October 26, 2012. References in this proxy statement to the Company, we, our, us and Extreme Networks are to Extreme Networks, Inc., and references to the annual meeting to the 2012 Annual Meeting of Stockholders. When we refer to the Company's fiscal year, we mean the annual period ending on June 30. This proxy statement covers our 2012 fiscal year, which was from July 4, 2011 through June 30, 2012 (fiscal 2012).

Who May Vote, Record Date, Admission to Meeting

Only holders of record of common stock at the close of business on October 5, 2012 will be entitled to notice of and to vote at the meeting and any adjournment thereof. As of the record date, 95,051,732 shares of common stock were outstanding and entitled to vote. You are entitled to one vote for each share you hold.

You are entitled to attend the annual meeting if you were a stockholder of record or a beneficial owner of our common stock as of the record date, or you hold a valid legal proxy for the annual meeting. If you are a stockholder of record, you may be asked to present valid picture identification, such as a driver's license or passport, for admission to the annual meeting.

If your shares are registered in the name of a bank, brokerage firm or other holder of record (your record holder), you may be asked to provide proof of beneficial ownership as of the record date, such as a brokerage account statement or voting instruction form provided by your record holder, or other similar evidence of ownership, as well as picture identification, for admission. If you wish to be able to vote in person at the annual meeting, you must obtain a legal proxy from your brokerage firm, bank or other holder of record and present it to the inspector of elections with your ballot at the annual meeting.

If you do not provide picture identification and comply with the other procedures outlined above, you may not be admitted to the annual meeting. We recommend that you arrive early to ensure that you are seated by the commencement of the annual meeting.

Quorum

A majority of the shares of common stock issued and outstanding as of the record date must be represented at the meeting, either in person or by proxy, to constitute a quorum for the transaction of business at the meeting. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker or bank) or if you vote in person at the meeting. Abstentions and broker non-votes (shares held by a broker or nominee that does not have the authority, either express or discretionary, to vote on a particular matter) will each be counted as present for purposes of determining the presence of a quorum.

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Vote Required to Adopt Proposals

Each share of our common stock outstanding on the record date is entitled to one vote on each of the 6 director nominees and one vote on each other matter. For the election of directors, the director nominees who receive the highest number of For votes will be elected as directors. You may vote For or Withhold with respect to each director nominee. Votes that are withheld will be excluded entirely from the vote with respect to the nominee from which they are withheld and will have the same effect as an abstention. All other matters shall be determined by a majority of the votes cast affirmatively or negatively on the matter.

Effect of Abstentions and Broker Non-Votes

Shares not present at the meeting and shares voted Withhold will have no effect on the election of directors. For each of the other proposals, abstentions will have the same effect as negative votes. If you are a beneficial owner and hold your shares in street name, it is critical that you cast your vote if you want it to count in the election of directors and the other proposals included in this proxy. Under the rules governing banks and brokers who are voting with respect to shares held in street name, such banks and brokers have the discretion to vote on routine matters, but not on non-routine matters. Routine matters include the ratification of auditors. Non-routine matters include the election of directors, the amendment of the 2005 Equity Incentive Plan, the approval of the extension of the Shareholder Rights Plan and the executive compensation advisory proposal. Banks and brokers may not vote on these proposals if you do not provide specific voting instructions. Accordingly, we encourage you to vote promptly, even if you plan to attend the annual meeting. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

Voting Instructions

If you complete and submit your proxy card or voting instructions, the persons named as proxies will follow your instructions. If you are a stockholder of record and you submit a proxy card or voting instructions but do not direct how to vote on each item, the persons named as proxies will vote as the board recommends on each proposal. Depending on how you hold your shares, you may vote in one of the following ways:

Stockholders of Record: You may vote by proxy or over the Internet or by telephone. Please follow the instructions provided herein or on the proxy card you received, then sign and return it in the prepaid envelope. You may also vote in person at the annual meeting.

Beneficial Stockholders: Your bank, broker or other holder of record will provide you with a voting instruction card for you to use to instruct them on how to vote your shares. Check the instructions provided by your bank, broker or other holder of record to see which options are available to you. However, since you are not the stockholder of record, you may not vote your shares in person at the annual meeting unless you request and obtain a valid proxy from your bank, broker or other agent.]

Votes submitted by telephone or via the Internet must be received by 11:59 p.m., Eastern Time, on November 26, 2012. Submitting your proxy by telephone or via the Internet will not affect your right to vote in person should you decide to attend the annual meeting.

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If you are a stockholder of record, you may revoke your proxy and change your vote at any time before the polls close by returning a later-dated proxy card, by voting again by Internet or telephone as more fully detailed on your proxy card, or by delivering written instructions to the Corporate Secretary before the annual meeting. Attendance at the annual meeting will not in and of itself cause your previously voted proxy to be revoked unless you specifically so request or vote again at the annual meeting. If your shares are held by a bank, broker or other agent, you may change your vote by submitting new voting instructions to your bank, broker or other agent, or, if you have obtained a legal proxy from your bank, broker or other agent giving you the right to vote your shares, by attending the annual meeting and voting in person.

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Solicitation of Proxies

We will bear the entire cost of soliciting proxies. In addition to soliciting stockholders by mail, we will request banks, brokers and other intermediaries holding shares of our common stock beneficially, owned by others to obtain proxies from the beneficial owners and will reimburse them for their reasonable expenses in so doing. We may use the services of our officers, directors and other employees to solicit proxies, personally or by telephone, without additional compensation.

Voting Results

We will announce preliminary voting results at the annual meeting. We will report final results in a Current Report on Form 8-K filed with the SEC.

Electronic Delivery of Stockholder Communications

This year we are pleased to again offer our stockholders the opportunity to receive stockholder communications electronically. By signing up for electronic delivery, you can receive our Annual Reports on Form 10-K and proxy statements via email notification as soon as these are available. You may also submit your votes online in connection with stockholder meetings. This helps to reduce the number of paper documents in your personal files, eliminate duplicate mailings, conserve natural resources, and save on our printing and mailing costs. To sign up for electronic delivery, visit <http://investor.extremenetworks.com> and enter information for all of your Extreme Networks stockholdings. Your enrollment will be effective until canceled. You may access our notices of meeting of stockholders, proxy statements and Annual Reports on Form 10-K on the Internet at <http://investor.extremenetworks.com>. If you have questions about electronic delivery, please call our Investor Relations department at (408) 579-3030.

To reduce the expense of delivering duplicate voting materials to our stockholders who may have more than one Extreme Networks stock account, unless otherwise requested, pursuant to current householding

How To Obtain A Separate Set of Voting Materials

If you share an address with another stockholder and have received only one set of voting materials, you may write or call us to request a separate copy of these materials at no cost to you. For future annual meetings, you may request separate voting materials, or request that we send only one set of voting materials to you if you are receiving multiple copies, by calling our Investor Relations department at: (408) 579-3030. You may also write us at: Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, CA 95051, Attn: Investor Relations. Upon such a request, we will promptly deliver voting materials to a stockholder at a shared address to which we delivered a single copy of voting materials.

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PROPOSAL ONE:

ELECTION OF DIRECTORS

At our 2010 annual meeting, our stockholders approved an amendment to our Restated Certificate of Incorporation, as amended, (the Restated Certificate) to provide for the declassification of our Board over a three year period and then for annual election of all directors. Prior to the amendment of the Restated Certificate, our Board was divided into three classes Class I, Class II and Class III, with each Class serving a staggered three-year term. Beginning with the Class I directors at the 2011 annual meeting, directors elected to succeed those directors whose terms were expiring were elected for a one-year term expiring at this 2012 Annual Meeting. At the 2012 Annual Meeting directors elected to succeed those Class II directors whose terms are expiring will be subject to election for a one-year term expiring at the next annual meeting of stockholders. Class III directors, however, will complete their full three year terms to which they were previously elected. At the 2013 annual meeting, we will have completed our transition to a fully declassified Board and all directors will be elected for a one-year term.

Prior to the 2012 Annual Meeting, the Board, in accordance with our bylaws, acted by resolution to increase its size from eight to nine members. This increase in the size of the Board will increase the number of directors to be elected at the 2012 Annual Meeting from five to six.

At the recommendation of the Nominating and Corporate Governance Committee, our Board's nominees for election at the 2012 Annual Meeting are Oscar Rodriguez, Maury Austin, Edward B. Meyercord, III, John H. Kispert, Harry Silverglide and Edward Terino.

Please see below under the heading *Board of Directors* for information concerning each nominee. If elected, each of the nominees will serve as directors until the annual meeting of stockholders in 2013 and until their successors are elected and qualified or until their earlier resignation or removal.

Each nominee has indicated to us that he will serve if elected. If a nominee declines to serve or become unavailable for any reason, or if a vacancy otherwise occurs before the election, although management knows of no reason that this will occur, the proxies may be voted for a substitute nominee as the Nominating and Corporate Governance Committee or our Board may designate.

Vote Required and Board of Directors Recommendation

The persons receiving the highest number of votes represented by outstanding shares of common stock present or represented by proxy and entitled to vote at the 2012 Annual Meeting will be elected, assuming a quorum is present. Votes for, votes to withhold authority and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but broker non-votes will have no effect on the outcome of the election. If you sign and return a proxy card without giving specific voting instructions as to the election of any director, your shares will be voted in favor of the nominees recommended by our Board.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINEES NAMED ABOVE.

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The following table provides information concerning the age, tenure on our board of directors, or our Board, and class of our directors and nominees.

| Name | Age | Director Since | Class |
|---|------------|-----------------------|--------------|
| Oscar Rodriguez , <i>Director, President and Chief Executive Officer</i> | 52 | 2010 | N/A |
| Edward B. Meyercord, III , <i>Chairman of the Board of Directors</i> | 47 | 2009 | II |
| John H. Kispert , <i>Director</i> | 49 | 2009 | II |
| Harry Silverglide , <i>Director</i> | 66 | 2004 | II |
| Charles Carinalli , <i>Director</i> | 64 | 1996 | III |
| Edward H. Kennedy , <i>Director</i> | 58 | 2011 | III |
| John C. Shoemaker , <i>Director</i> | 70 | 2007 | III |
| Maury Austin , <i>Director</i> | 55 | 2012 | N/A |
| Edward Terino , <i>Director</i> | 59 | 2012 | N/A |

Our directors in Class II are serving a term expiring at the 2012 Annual Meeting. Directors in Class III are serving a term expiring at the 2013 annual meeting of stockholders. There are no family relationships among any of our directors or executive officers.

The biographies of each of our nominees and continuing directors below contains information regarding the person's service as a director, if applicable, business experience, other director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and our Board to determine that the person should serve as a director.

Nominees for Election at 2012 Annual Meeting

Maury Austin. Mr. Austin has served as one of our directors since April 2012. Mr. Austin serves as a strategic advisor for technology-oriented businesses. From March 2008 to December 2011, Mr. Austin served as Chief Financial Officer of MIPS Technologies, Inc., a publicly traded provider of processor architectures and cores for digital home, networking and mobile applications. Mr. Austin previously served as Senior Vice President and Chief Financial Officer of Portal Software, Inc. from June 2005 until its acquisition and integration into Oracle Corporation in November 2006. From 2004 to 2005, Mr. Austin served as Senior Vice President and Chief Financial Officer for Southwall Technologies. Prior to his employment with Southwall Technologies, Inc., Mr. Austin was Senior Vice President and Chief Financial Officer for Vicinity Corporation from 2000 until its acquisition by Microsoft Corporation in 2003. Mr. Austin also has held executive positions at Apple Inc., Symmetricom, Inc., FlashPoint and General Electric Co. Mr. Austin holds a B.S. in Business Administration (Finance & Marketing) from the University of California, Berkeley and an MBA from Santa Clara University.

Mr. Austin, who has more than 25 years of corporate finance experience in senior executive positions at established technology companies, will provide our Board with financial expertise and effective insight into our company and its business.

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John H. Kispert. Mr. Kispert has served as one of our directors since May 2009. In February 2009, Mr. Kispert was hired to serve as President and Chief Executive Officer and as a director of Spansion, Inc., a publicly-traded manufacturer of flash memory products, to oversee that company's reorganization of its business. Mr. Kispert also serves on the Spansion board of directors. From 1995 to February 2009, Mr. Kispert held various executive management positions at KLA-Tencor Corporation, including President and Chief Operation Officer, Executive Vice President and Chief Financial Officer and Vice President, Finance and Accounting. Previously, Mr. Kispert served in a number of positions with the IBM Corporation. Mr. Kispert received his bachelor's degree in political science from Grinnell College and his MBA from the University of California, Los Angeles.

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Mr. Kispert has extensive management and leadership experience and provides our Board with technology, leadership and financial expertise that aids our Board in understanding corporate needs and strategic opportunities.

Edward B. Meyercord, III. Mr. Meyercord has served as the Chairman of our Board of Directors since March 8, 2011, and as one of directors since October 2009. Mr. Meyercord currently serves as Chief Executive Officer and Director of Critical Alert Systems LLC, a private company that provides wireless communications services, where he has served since July 2010. Prior to Critical Alert Systems, he was the founder and President of Council Rock Advisors LLC, a private company that provides advisory services. From December 2006 until January 2009, Mr. Meyercord served as Chief Executive Officer of Cavalier Telephone & TV, a privately held voice and data services. Prior to the sale to Cavalier Telephone & TV in December 2006, Mr. Meyercord served as Chief Executive Officer and a member of the board of directors of Talk America, Inc., a publicly traded provider of phone and internet services to consumers and small businesses. Mr. Meyercord also serves on the board of directors of Tollgrade. Mr. Meyercord received his bachelor's degree in economics from Trinity College in Hartford, CT and his MBA from New York University.

Mr. Meyercord has extensive executive experience in corporate finance, risk assessment and management. His background in the telecommunications industry provides our Board with valuable industry expertise in one of our key markets.

Oscar Rodriguez. Mr. Rodriguez has served as our President and Chief Executive Officer since August 2010 and as one of our directors since October 2010. From April 2007 to August 2010, Mr. Rodriguez served as a director and the Chief Executive Officer and President of Movius Interactive Corporation, a privately held company specializing in messaging, collaboration and mobile media solutions for service providers worldwide. Prior to joining Movius, beginning in April 2006, Mr. Rodriguez served as the Vice President of the Carrier Ethernet business and the Chief Marketing Officer of Alcatel-Lucent's Enterprise Business Group. From August 2003 until April 2006, Mr. Rodriguez served as Chief Executive Officer, President and a director of Riverstone Networks, Inc., a provider of carrier Ethernet infrastructure solutions for business and residential communications services, until it was acquired by Lucent Technologies in April 2006. From October 2000 to August 2003, Mr. Rodriguez held various positions at Nortel Networks Corporation, a telecommunications systems company, including as Divisional President, Enterprise Solutions Business; Divisional President, Intelligent Internet Business; and Vice President Portfolio & Operations, Local Internet Business. Mr. Rodriguez sits on the Dean's Board of Advisors for the College of Engineering at the University of Central Florida. Mr. Rodriguez holds a B.S. in computer engineering from the University of Central Florida and an MBA from the Kenan-Flagler Business School at the University of North Carolina, Chapel Hill.

Mr. Rodriguez has extensive executive experience in the communications technology industry and provides strong financial and operational expertise to our Board. As our current President and Chief Executive Officer, Mr. Rodriguez also provides our Board with important insights about our company and its operations.

Harry Silverglide. Mr. Silverglide has served as one of our directors since June 2004. From January 1997 to July 2002, Mr. Silverglide served as our Vice President of Sales. From May 1995 to January 1997, he served as Vice President of Western Region Sales for Bay Networks. From July 1994 to May 1995, he served as Vice President of Sales for Centillion Networks, a provider of LAN switching products which was acquired by Bay Networks in 1995.

Mr. Silverglide's experience, and particularly his extensive experience in sales and sales organizations, including his experience with our sales organization and distribution channels, provides our Board with valuable insight regarding sales management and sales strategy.

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Edward Terino. Mr. Terino has served as one of our directors since October 2012. Mr. Terino has served as President of GET Advisory Services, LLC, a strategic and financial management consulting firm focused on the maritime and technology industries, since March 2009. In addition, he has served as a founder of Novium

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Learning, Inc., a privately-held, post-secondary vocational education publishing company, since January 2011. From January 2009 through March 2009, Mr. Terino served as a consultant to General Maritime Corporation following the merger of General Maritime Corporation and Arlington Tankers Ltd. Prior to the merger, Mr. Terino was the President, Chief Executive Officer and Chief Financial Officer of Arlington Tankers, a position he held from January 2008. Previously, he served as Arlington's Co-Chief Executive Officer and Chief Financial Officer from July 2005 until August 2007, and as its Chief Executive Officer, interim President and Chief Financial Officer from August 2007 until January 2008. Mr. Terino has served as a director of Baltic Trading Ltd., an international dry bulk shipping company, since March 2010 and as a director of SeaChange International Inc., a video software company, since July 2010. Mr. Terino is Chairman of the Audit Committee and serves on the Compensation Committee of both Baltic Trading Ltd. and SeaChange International Inc. Mr. Terino has served on multiple public and private company boards, including S1 Corporation, an internet banking and payments software company, Phoenix Technologies, Inc., a BIOS software company and EBT International, Inc., a web content management software company. Mr. Terino has a B.S. in Management from Northeastern University and a MBA from Suffolk University.

Mr. Terino has extensive financial management, operations, and technology experience, including experience in strategic planning, in mergers and acquisitions, in cost restructurings, investor relations and in implementing financial measures and controls in technology companies and brings strong financial and operational expertise to our Board

Class III Directors Serving a Term Expiring at the 2013 Annual Meeting

Charles Carinalli. Mr. Carinalli has served as one of our directors since October 1996 and is currently a Principal of Carinalli Ventures. From 1999 to May 2002, Mr. Carinalli was Chief Executive Officer and a director of Adaptive Silicon, Inc., a developer of semiconductors. From November 2000 to November 2001, Mr. Carinalli served as Chairman of Clearwater Communications, Inc., a privately held telecommunications company. From December 1996 to July 1999, Mr. Carinalli served as President, Chief Executive Officer and a director of Wavespan, Inc., a developer of wireless broadband access systems that was acquired by Proxim, Inc. From 1970 to 1996, Mr. Carinalli served in various positions for National Semiconductor, Inc., a publicly traded company developing analog-based semiconductor products, most recently as Senior Vice President and Chief Technical Officer. Mr. Carinalli also serves on the boards of directors of Fairchild Semiconductor, a semiconductor company and Atmel Corporation, a semiconductor company. Mr. Carinalli holds a B.S. in electrical engineering from the University of California, Berkeley and a M.S. in electrical engineering from Santa Clara University.

Mr. Carinalli provides our Board with extensive engineering and engineering management expertise, as well as management expertise and technology expertise, which aids our Board in understanding product development, engineering management and strategic planning, as well as risk assessment and planning.

Edward H. Kennedy. Mr. Kennedy has served on our Board since April 2011. Currently, Mr. Kennedy is the Chairman, Chief Executive Officer and President of Tollgrade Communications, Inc. (previously; NASDAQ:TLGD), a supplier of telecommunications network service assurance and smartgrid products and solutions owned by Golden Gate Capital. Mr. Kennedy previously served as the Chief Executive Officer and President of Rivulet Communications, Inc., a medical video networking company. He also previously served as President of Tellabs North American Operations and Executive Vice President of Tellabs, and co-founded Ocular Networks, a provider of optical networking technologies, until it was sold to Tellabs. He has also held various executive positions at leading telecom equipment companies, including Alcatel and Newbridge Networks Corporation. Mr. Kennedy was also a Venture Partner at Columbia Capital, a private equity investment firm, where he advised investments into new and existing portfolio companies. Mr. Kennedy also served on the Board of Directors for Visual Networks ((NASDAQ:VNWK) sold to Danaher), Hatteras Networks, a privately held equipment supplier and Imagine Communications, a broadband video processing equipment provider.

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Mr. Kennedy has extensive financial and executive leadership experience in technology companies, including networking companies, and provides management and financial expertise to our Board.

John C. Shoemaker. Mr. Shoemaker has served as one of our directors since October 2007. From 1990 to June 2004, Mr. Shoemaker held various executive management positions at Sun Microsystems, Inc., including as Executive Vice President, Worldwide Operations Organizations, and Executive Vice President and General Manager for its Computer Systems Division. Previously, Mr. Shoemaker served in a number of senior executive positions with the Xerox Corporation, a provider of document management technology and services. Mr. Shoemaker is a director of Altera Inc., a provider of programmable logic solutions, and has served on the board of directors of SonicWALL, Inc., formerly a network security and remote access software firm. Mr. Shoemaker holds a B.A. from Hanover College and a MBA from Indiana University's Kelley School of Business, where he is Principal Director of the Indiana University Foundation.

Mr. Shoemaker has extensive executive experience in senior level management positions in the technology industry, particularly in hardware systems, and provides strong operational, management and financial expertise to our Board.

Arrangements Regarding Appointment of Directors

Oscar Rodriguez, our President and Chief Executive Officer, was appointed to our Board in connection with an offer letter of employment we entered into with him in August 2010. Pursuant to the offer letter, Mr. Rodriguez must immediately resign as a member of our Board upon the date his employment with us terminates.

In October 2010 we entered into an agreement with several entities and persons associated with Ramius Advisors, who we collectively refer to as the Ramius Group. Under this agreement, we increased the size of our Board to nine directors, creating a Class III vacancy, and we agreed to a process for the appointment of a person to fill the vacant position. Once elected, we agreed to appoint such director to certain committees of our Board. In April 2011, we appointed Mr. Kennedy to fill the Class III vacancy and to our Audit Committee.

CORPORATE GOVERNANCE

Our Board currently consists of nine directors. We are in the process of declassifying our Board over a three year period, beginning with our 2011 annual meeting and to be completed at our 2013 annual meeting. Our Board was previously divided into three classes – Class I, Class II and Class III, with each class consisting of a minimum of two directors and each class serving staggered three-year terms. The Class II directors are John H. Kispert, Edward B. Meyercord, III and Harry Silverglide. The Class III directors are Charles Carinalli, Edward H. Kennedy and John C. Shoemaker.

Our Board has determined that, other than Oscar Rodriguez, each member of our Board is an independent director for purposes of the NASDAQ Marketplace Rules. In making these independence determinations, our Board has concluded that these directors do not have an employment, business, family or other relationship which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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Currently, our Class II and Class III directors serve until the annual meetings of stockholders to be held for the years of 2012 and 2013, respectively, and until their respective successors are duly elected and qualified. Directors to be elected at the 2012 annual meeting are to hold office until the next annual meeting and until their respective successors are elected and qualified. Our Board has a mandatory retirement age of seventy-five (75).

Board and Leadership Structure

Our leadership structure currently consists of an Independent Chairman and a Chief Executive Officer. In the current structure, the roles of Chief Executive Officer and Chairman of our Board are separated. Edward B.

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Meyercord, III has served as the Independent Chairman of our Board since March 2011, while Oscar Rodriguez serves as our President and Chief Executive Officer. Separating these positions allows our Chief Executive Officer to focus on setting our strategic direction and for day-to-day leadership and performance, while allowing the Chairman of our Board to lead our Board in its fundamental role of providing advice to, and independent oversight of, management.

Our Board recognizes the time, effort, and energy that our Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitments required to serve as the Chairman of our Board, particularly as our Board's oversight responsibilities continue to grow. While our Bylaws and Corporate Governance Guidelines do not require that the Chairman of our Board and Chief Executive Officer positions be separate, our Board believes that separating these positions is the appropriate leadership structure for us at this time and results in an effective balancing of responsibilities, experience and independent perspective to meet the current corporate governance needs and oversight responsibilities of our Board.

Mr. Meyercord's duties as Independent Chairman include:

chairing executive sessions of the independent directors;

ensuring that independent directors have adequate opportunities to meet without management present;

servicing as designated contact for communication to independent directors, including being available for consultation and direct communication with major stockholders;

ensuring that the independent directors have an opportunity to provide input on the agenda for meetings of our Board;

assuring that there is sufficient time for discussion of all agenda items; and

being identified as the recipient of communications with stockholders in the annual meeting proxy statement.

Our Board elects our President, Chief Financial Officer, Secretary and all executive officers. All executive officers serve at the discretion of our Board. Each of our officers devotes his or her full time to our affairs. Our directors devote time to our affairs as is necessary to discharge their duties. In addition, our Board has the authority to retain its own advisers to assist it in the discharge of its duties. There are no family relationships among any of our directors, officers or key employees.

Board's Role in Risk Oversight

Our Board has an active role, as a whole and also at the committee level, in overseeing management of the risks we face. This role is one of informed oversight rather than direct management of risk. Our Board regularly reviews and consults with management on strategic direction, challenges and risks we face. Our Board also reviews and discusses with management quarterly financial results and forecasts. The Audit Committee of our Board oversees management of financial risks, and its charter tasks the committee to provide oversight of and review at least annually our risk management policies, including its investment policies and anti-fraud program. The Compensation Committee of our Board is

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responsible for overseeing the management of risks relating to and arising from our executive compensation plans and arrangements. These committees provide regular reports, generally on a quarterly basis, to the full Board.

Management is tasked with the direct management and oversight of legal, financial, and commercial compliance matters, which includes identification and mitigation of associated areas of risk. Our General Counsel provides regular reports of legal risks to the Audit Committee and our Board. Our Chief Financial Officer and the Vice President Corporate Controller provide regular reports to the Audit Committee concerning financial, tax and audit related risks. In addition, the Audit Committee receives periodic reports from management on our compliance programs and efforts, investment policy and practices and the results of various internal audit projects. Management and the Compensation Committee's compensation consultant provide analysis of risks related to our compensation programs and practices to the Compensation Committee.

Table of Contents**Meetings of the Board of Directors**

Our Board held 13 meetings during the fiscal year ended June 30, 2012. No director serving on our Board in fiscal year 2012 attended fewer than 75% of the aggregate of the meetings of our Board and the meetings of the committees on which he served.

Executive Sessions

The independent members of our Board meet regularly in executive session (without the participation of executive officers or other non-independent directors), generally before or after a regularly scheduled Board meetings or at such other times requested by our independent directors. Executive sessions of the independent directors are chaired by our Chairman. The executive sessions include discussions and recommendations regarding guidance to be provided to the Chief Executive Officer and such topics as the independent directors determine.

Committees of the Board of Directors

Our Board has a separately-designated standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Our Board has adopted a written charter for each of these committees, each of which is available on our website at <http://www.extremenetworks.com/about-extreme/corp-governance.aspx>.

Current Committee Membership

| Name | Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee |
|---------------------------------|----------------------------|-----------------------------------|--|
| Maury Austin | <i>Member</i> | | |
| Charles Carinalli | | <i>Chairman</i> | <i>Chairman</i> |
| John H. Kispert | <i>Chairman</i> | | |
| Edward H. Kennedy | <i>Member</i> | | |
| Edward B. Meyercord, III | | <i>Member</i> | <i>Member</i> |
| John C. Shoemaker | <i>Member</i> | <i>Member</i> | |
| Harry Silverglide | | | <i>Member</i> |
| Edward Terino | <i>Member</i> | | |

Audit Committee. The current members of the Audit Committee are Messrs. Austin, Kennedy, Kispert, Shoemaker and Terino. Mr. Kispert serves as Chairman. Each member of the Audit Committee has been determined by our Board to be independent for purposes of the NASDAQ Marketplace Rules and the rules of the SEC as these rules apply to audit committee members. Our Board has determined that Mr. Kispert is an audit committee financial expert, as defined in the rules of the SEC. The Audit Committee retains our independent auditors, reviews and approves the planned scope, proposed fee arrangements and terms of engagement of the independent auditors, reviews the results of the annual audit of our financial statements and the interim reviews of our unaudited financial statements, evaluates the adequacy of accounting and financial controls, reviews the independence of our auditors, and oversees our financial reporting on behalf of our Board. The Audit Committee is also responsible for establishing procedures for the receipt, retention and treatment of complaints received by us regarding questionable accounting or auditing matters, including the anonymous submission by our employees of concerns regarding accounting or auditing matters. In

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In addition, the Audit Committee reviews with our independent auditors the scope and timing of their audit services and any other services they are asked to perform, the independent auditor's report on our consolidated financial statements following completion of their audit, and our critical accounting policies and procedures and policies with respect to our internal accounting and financial controls. The Audit Committee also assists our Board in fulfilling its oversight responsibilities with respect to financial risks, including risk management in the areas of financial reporting, internal controls, and compliance with legal and regulatory requirements. The Audit Committee held thirteen meetings during the fiscal year ended June 30, 2012.

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Compensation Committee. The current members of the Compensation Committee are Messrs. Carinalli, Meyercord, and Shoemaker. Mr. Carinalli serves as Chairman. Each member of the Compensation Committee has been determined by our Board to be independent for purposes of the NASDAQ Marketplace Rules as they apply to compensation committee members. The Compensation Committee has responsibility for, among other things, discharging our Board's responsibilities relating to compensation and benefits of our officers, including responsibility for evaluating and reporting to our Board on matters concerning management performance, officer compensation and benefits plans and programs. In carrying out these responsibilities, the Compensation Committee is required to review all components of executive officer compensation for consistency with our compensation philosophy. The Compensation Committee also administers our stock option plans and stock incentive plans. The Compensation Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The charter of the Compensation Committee provides that the Compensation Committee may delegate duties or responsibilities to subcommittees or to one member of the Compensation Committee from time to time, as appropriate. However, historically the Compensation Committee has delegated duties or responsibilities only under limited circumstances. Our President and Chief Executive Officer and our Head of Human Resources assist the Compensation Committee in its deliberations with respect to the compensation of our executive officers, except that our Chief Executive Officer does not play a role in the Compensation Committee's deliberations regarding his own compensation determination, other than discussing his performance objectives with the Compensation Committee. The other executive officers do not play a role in the Compensation Committee's deliberations regarding their own compensation determination, except that each executive officer discusses his or her individual performance objectives with our Chief Executive Officer, and our General Counsel may be present for deliberations and may provide advice to the Compensation Committee regarding legal issues associated with compensation plans and decisions. The Compensation Committee held fourteen meetings during the fiscal year ended June 30, 2012. For more information about the Compensation Committee, see the discussion below under the heading Executive Compensation.

Nominating and Corporate Governance Committee. The current members of the Nominating and Corporate Governance Committee are Messrs. Carinalli, Meyercord, and Silverglide. Mr. Carinalli serves as Chairman. Each member of the Nominating and Corporate Governance Committee has been determined by our Board to be independent for purposes of the NASDAQ Marketplace Rules as they apply to nominating committee members. The Nominating and Corporate Governance Committee identifies, reviews, evaluates and nominates candidates to serve on our Board, is responsible for recommending corporate governance principles, codes of conduct and compliance mechanisms applicable to us, and assists our Board in its annual reviews of the performance of our Board, each committee and management. The Nominating and Corporate Governance Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance. The Nominating and Corporate Governance Committee held eight meetings during the fiscal year ended June 30, 2012.

Compensation Committee Interlocks and Insider Participation

Each of Charles Carinalli, Edward B. Meyercord, III and John C. Shoemaker served as a member of the Compensation Committee in fiscal 2012. None of our executive officers has served on the board of directors or compensation committee of any other entity that has, or has had, one or more executive officers who served as a member of our Board or Compensation Committee during the 2012 fiscal year. No member of the Compensation Committee was, during fiscal year 2012 or any prior period, an officer or employee of ours.

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Director Nominations

Director Qualifications. In fulfilling its responsibilities, the Nominating and Corporate Governance Committee considers numerous factors in reviewing possible candidates for nomination as director, including:

the appropriate size of our Board and its Committees;

the perceived needs of our Board for particular skills, industry expertise, background and business experience;

the skills, background, reputation, and business experience of nominees and the skills, background, reputation, and business experience already possessed by other members of our Board;

nominees' independence from management;

nominees' experience with accounting rules and practices;

nominees' background with regard to executive compensation;

applicable regulatory and listing requirements, including independence requirements and legal considerations, such as antitrust compliance;

the benefits of a constructive working relationship among directors; and

the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

While we do not have a formal diversity policy, in evaluating the qualifications of the candidates, the Nominating and Corporate Governance Committee considers many factors, including issues of character, judgment, independence, age, education, expertise, diversity of experience, length of service, other commitments and ability to serve on committees of our Board, as well as other individual qualities and attributes that contribute to board heterogeneity, including characteristics such as race, gender, and national origin. The Nominating and Corporate Governance Committee evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors.

Other than the foregoing there are no stated minimum criteria for director nominees, although the Nominating and Corporate Governance Committee may also consider other factors as it may deem, from time to time, are in the best interests of us and our stockholders. The Nominating and Corporate Governance Committee believes that it is preferable that at least one member of our Board should meet the criteria for an audit committee financial expert as defined by SEC rules. Under applicable listing requirements, at least a majority of the members of our Board must meet the definition of independent director. The Nominating and Corporate Governance Committee also believes it appropriate for one or more key members of management to participate as members of our Board.

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Identifying and Evaluating Candidates for Nomination as Director. The Nominating and Corporate Governance Committee annually evaluates the current members of our Board whose terms are expiring and who are willing to continue in service against the criteria set forth above in determining whether to recommend these directors for election. The Nominating and Corporate Governance Committee regularly assesses the optimum size of our Board and its committees and the needs of our Board for various skills, background and business experience in determining if our Board requires additional candidates for nomination.

Candidates for nomination as director come to the attention of the Nominating and Corporate Governance Committee from time to time through incumbent directors, management, stockholders or third parties. These candidates may be considered at meetings of the Nominating and Corporate Governance Committee at any point during the year. Candidates are evaluated against the criteria set forth above. If the Nominating and Corporate Governance Committee believes at any time that our Board requires additional candidates for nomination, the Nominating and Corporate Governance Committee may poll directors and management for suggestions or conduct research to identify possible candidates and may engage, if the Nominating and Corporate Governance Committee believes it is appropriate, a third party search firm to assist in identifying qualified candidates.

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The Nominating and Corporate Governance Committee evaluates any recommendation for director nominee proposed by a stockholder. In order to be evaluated in connection with the Nominating and Corporate Governance Committee's established procedures for evaluating potential director nominees, any recommendation for director nominee submitted by a stockholder must be sent in writing to the Corporate Secretary, 3585 Monroe Street, Santa Clara, CA 95051 and must be received at our principal executive offices not less than 120 days nor more than 150 calendar days in advance of the date that our proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 calendar days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholders to be timely must be received not later than the close of business on the tenth day following the day on which public announcement of the date of such meeting is first made. For purposes of the foregoing, public announcement shall mean disclosure in a broadly disseminated press release or in a document publicly filed by us with the SEC. The recommendation for director nominee submitted by a stockholder must contain the following information:

the candidate's name, age, contact information and present principal occupation or employment;

a description of the candidate's qualifications, skills, background, and business experience during, at a minimum, the last five years, including his/her principal occupation and employment and the name and principal business of any corporation or other organization in which the candidate was employed or served as a director; and

a statement signed by the candidate that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

In addition, our bylaws permit stockholders to nominate directors for consideration.

All directors and director nominees must submit a completed director agreement and directors' and officers' questionnaire as part of the nominating process. The evaluation process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee. In addition, nominees must enter into an agreement to abide by the Company's Code of Conduct and disclose any voting arrangements or compensation provided by third parties in connection with their service on the Company's Board.

The Nominating and Corporate Governance Committee evaluates incumbent directors, as well as candidates for director nominee submitted by directors, management and stockholders consistently using the criteria stated in our policies and procedures and selects the nominees that, in the Nominating and Corporate Governance Committee's judgment, best suit the needs of our Board at the time.

Communications with Directors

Edward B. Meyercord, III has been selected by our directors as our Independent Chairman and, as such, is responsible for receiving, distributing and arranging responses to communications from our stockholders to our Board. Stockholders may communicate with our Board by transmitting correspondence by mail, facsimile or email, addressed as follows:

Chairman of the Board (or individually named director(s))

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Extreme Networks, Inc.

3585 Monroe Street

Santa Clara, CA 95051

The Chairman transmits each communication as soon as practicable to the identified director addressee(s), unless (i) there are safety or security concerns that mitigate against further transmission of the communication; or (ii) the communication contains commercial matters not related to the stockholder's stock ownership, as determined by the Chairman in consultation with legal counsel. Our Board or individual directors are advised of any communication withheld for safety, security or other reasons as soon as practicable.

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Director Attendance at Annual Meetings

We use reasonable efforts to schedule our annual meeting of stockholders at a time and date to maximize attendance by directors, taking into account the directors' schedules. In cases where management, in its reasonable business judgment, expects stockholder attendance at our annual meeting to be significant, we encourage director attendance at the annual meeting. Directors make every effort to attend our annual meeting of stockholders when meaningful stockholder attendance at the meeting is anticipated. Messrs. Carinalli, Kispert, Rodriguez, Shoemaker, Austin (as a nominee), Silverglide and Kennedy attended our 2011 annual meeting of stockholders.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. These persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person. Based solely on our review of the forms furnished to us and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and persons who beneficially own more than 10% of our common stock were complied with in the fiscal year ended June 30, 2012.

Code of Ethics and Corporate Governance Materials

Our Board has adopted a charter for its Audit, Compensation and Nominating and Corporate Governance Committees, each of which is available on our website at <http://www.extremenetworks.com/about-extreme/corp-governance.aspx>. Our Board has also adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors. The Code of Business Conduct and Ethics can be found on our website at

<http://www.extremenetworks.com/about-extreme/corp-governance.aspx>.

We believe that good corporate governance is essential to ensure that we are managed for the benefit of stockholders. Our Board has adopted our Corporate Governance Guidelines to address key corporate governance issues. The Nominating and Corporate Governance Committee is responsible for reviewing the Corporate Governance Guidelines and recommending to our Board any changes to them. The Corporate Governance Guidelines can be found on our website at <http://www.extremenetworks.com/about-extreme/corp-governance.aspx>.

DIRECTOR COMPENSATION

During our fiscal year ended June 30, 2012, the compensation policies for service on our Board and its committees were, and the compensation paid to our directors was, as follows:

Cash Compensation

Each non-employee director receives (a) \$40,000 in cash compensation annually for service in this position and (b) the applicable compensation set forth below for serving as a chair or as a member of one or more of the committees of our Board. For service on any special committee that may be formed by our Board from time to time, our Board determines compensation on a case-by-case basis upon a recommendation from the Compensation Committee based on the anticipated amount of time and work related to service on the special committee and other factors as the Compensation Committee may consider. Each director receives reimbursement of expenses related to attendance of meetings of our Board and its committees.

Table of Contents**Annual Committee Member Compensation**

| | |
|-------------------------------------|-----------|
| Audit Committee | \$ 20,000 |
| Compensation Committee | 10,000 |
| Nominating and Governance Committee | 10,000 |

Additional Annual Retainers for Chairman or Committee Chair

| | |
|------------------------------|--------|
| Audit Committee Chair | 10,000 |
| Compensation Committee Chair | 10,000 |
| Board Chairman | 30,000 |

Equity Compensation

Each non-employee director automatically is granted an initial 8,333 shares of our restricted stock and an initial option to purchase 25,000 shares of our common stock. These options and restricted stock grants are made under our 2005 Plan, pursuant to the standard option agreement used under the 2005 Plan for directors. The grant date for awards is generally the second trading day following the public announcement of quarterly financial results following the director's appointment. Each option and restricted stock grant vests 1/3 each year (or, if earlier in any year, 1/3 on the date of the annual meeting of stockholders in that year), subject to the respective director's continuous service on our Board for that period. There is a two year post- termination exercise period for options granted to non-employee directors during and after fiscal year 2005.

On the date of each annual meeting of our stockholders, each non-employee director and automatically is granted 5,000 shares of our restricted stock and an option to purchase 15,000 shares of our common stock. These options and restricted stock grants are made under the 2005 Plan, pursuant to the standard option agreement used under the 2005 Plan for directors. The exercise price per share of each option, and the grant price of each share of restricted stock, is the closing sale price of our common stock on the NASDAQ Global Market at the close of business on the date of grant (the date of the annual meeting of stockholders). Each option and restricted stock grant vests in full on the date one year after the date of grant (or, if earlier, the date of the next subsequent annual meeting of stockholders), subject to the respective director's continuous service on our Board for that period.

Following the 2011 annual meeting of stockholders, each non-employee director received a grant of 5,000 shares of our restricted stock and an option to purchase 15,000 shares of our common stock, at an exercise price of \$3.87. In connection with Mr. Austin's election to our Board in April 2012, he received a grant of 8,333 shares of our restricted stock and an option to purchase 25,000 shares of our common stock at an exercise price of \$3.50 on the date of grant.

In July 2001, our Board ratified and approved a policy regarding the acceleration of vesting of shares subject to options granted to directors upon a change-in-control. Under the policy, in the event of a change in control that occurs prior to a director's termination of service with us, the shares subject to options vest fully. The policy defines a change-in-control as a single or series of sales or exchanges of voting stock, a merger or consolidation, the sale, or transfer of all or substantially all of the assets, or a liquidation wherein the stockholders immediately before the change-in-control do not retain, immediately after the change-in-control, more than 50% of the total combined voting power of us or the corporation to which the assets were transferred. This policy applies to all options granted to directors after July 2001.

Table of Contents*2012 Director Compensation*

The compensation information for our non-employee directors during the fiscal year ended June 30, 2012 is set forth below:

| | Director Fees Earned or Paid in Cash (\$) | Stock Awards (\$)⁽¹⁾ | Option Awards (\$)⁽¹⁾ | Total (\$) |
|------------------------------|--|--|---|-----------------------|
| Maury Austin | 15,000 ⁽²⁾ | 29,499 | 47,847 | 92,346 |
| Charles Carinalli | 70,000 ⁽³⁾ | 79,750 | 31,386 | 181,136 |
| Edward Kennedy | 60,000 ⁽⁴⁾ | 125,050 | 31,386 | 216,436 |
| John Kispert | 70,000 ⁽⁵⁾ | 79,750 | 31,386 | 181,136 |
| Edward Meyercord | 90,000 ⁽⁶⁾ | 125,050 | 31,386 | 246,436 |
| John Shoemaker | 70,000 ⁽⁷⁾ | 79,750 | 31,386 | 181,136 |
| Harry Silverglide | 50,000 ⁽⁸⁾ | 79,750 | 31,386 | 161,136 |
| Edward Terino ⁽⁹⁾ | | | | |
| Ken Levy | 50,000 ⁽¹⁰⁾ | 79,750 | 31,386 | 161,136 |
| Gordon Stitt | 40,000 ⁽¹¹⁾ | 60,400 | | 100,400 |

- (1) Represents the aggregate grant date fair value computed in accordance with ASC Topic 718 and does not reflect whether the director has actually realized a financial benefit from the award. For information on the assumptions used to calculate the value of the awards, refer to Note 7 to our consolidated financial statements in our Form 10-K for the fiscal year ended June 30, 2012. In accordance with SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.
- (2) Mr. Austin was appointed to our Board and Audit Committee in April 2012. Consists of \$10,000 for annual retainer and \$5,000 for service on the Audit Committee.
- (3) Consists of \$40,000 for annual retainer, \$20,000 for service as the Chairman of the Compensation Committee and \$10,000 for service as the Chairman of the Nominating and Corporate Governance Committee.
- (4) Consists of \$40,000 for annual retainer, and \$20,000 for service on the Audit Committee.
- (5) Consists of \$40,000 for annual retainer and \$30,000 for service as the Chairman of the Audit Committee.
- (6) Consists of \$70,000 for annual retainer for service as the Chairman of the Board, \$10,000 for service on the Compensation Committee and \$10,000 for service on the Nominating and Corporate Governance Committee.
- (7) Consists of \$40,000 for annual retainer, \$20,000 for service on the Audit Committee, and \$10,000 for service on the Compensation Committee.
- (8) Consists of \$40,000 for annual retainer, and \$10,000 for service on the Nominating and Corporate Governance Committee.
- (9) Mr. Terino was appointed to our board in October 2012 and did not receive any compensation for fiscal 2012.
- (10) Consists of \$40,000 for annual retainer and \$10,000 for service on the Nominating and Corporate Governance Committee paid to Mr. Levy prior to his resignation from our Board effective at the 2011 annual meeting of stockholders.
- (11) Consists of 40,000 for annual retainer paid to Mr. Stitt prior to his resignation from our Board effective at the 2011 annual meeting of stockholders.

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PROPOSAL TWO:

VOTE TO EXTEND THE TERM OF THE AMENDED AND RESTATED SHAREHOLDERS RIGHTS PLAN FOR AN ADDITIONAL YEAR TO APRIL 30, 2014

Background

Our Board is asking stockholders to authorize the Company to extend the term of the Amended and Restated Rights Agreement, dated April 26, 2012, between the Company and Computershare Shareholder Services LLC as the rights agent (the Restated Rights Plan) to April 30, 2014. The Restated Rights Plan governs the terms of each right (Right) that has been issued with respect to each share of common stock of the Company. Each Right initially represents the right to purchase one one-thousandth of a share of Series A Preferred Stock (Preferred Stock) of the Company. The Restated Rights Plan replaces in its entirety the Rights Agreement, dated as of April 27, 2001, as amended on June 30, 2010 and April 26, 2011, between the Company and Mellon Investor Services LLC (the Prior Rights Plan). If the stockholders do not authorize the Company to extend the term of the Restated Rights Plan, it will expire per its terms on April 30, 2013.

The Board entered into the Restated Rights Plan after reviewing the necessity of the provision in the Prior Rights Plan adopted to preserve the value of the Company's deferred tax assets, including its net operating loss carry forwards, with respect to its ability to fully use its tax benefits to offset future income. The Prior Rights Plan was adopted in part in an effort to preserve stockholder value by attempting to protect against a possible limitation on our ability to use our net operating loss carry-forwards and other tax attributes (the Tax Benefits) to reduce potential future federal income tax obligations. At June 30, 2012, our Tax Benefits included approximately \$254.8 million and \$90 million of federal and state tax net operating loss carry forwards, respectively. The Tax Benefits expire on various dates beginning in 2013 (state) and 2020 (federal).

The unexpired balance of our Tax Benefits can generally be used to offset taxable income or income taxes (if any). Utilization of Tax Benefits to offset taxable income can, however, be limited if there is an ownership change, as discussed below. Because the amount and timing of our future taxable income cannot be accurately predicted, we cannot predict to what extent our Tax Benefits may ultimately be used to reduce our income tax liability. Although we are unable to quantify an exact value, we believe that the Tax Benefits are a very valuable asset. The Restated Rights Plan was adopted because the Board believed it to be in the Company's and the stockholders' best interests to attempt to prevent the imposition of limitations on use of the Tax Benefits.

The ability to use the Tax Benefits could be significantly impaired if there were an ownership change of the Company as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the Code). Determining whether an ownership change has occurred and the effect of an ownership change is complex. In general, to determine whether an ownership change has occurred on a testing date, the Company must compare the percentage of shares owned by each stockholder or groups of stockholders who own or are deemed to own directly or indirectly at least 5.0% of our stock (a 5-percent shareholder) immediately after the close of the testing date to the lowest percentage of shares owned by such 5-percent shareholder at any time during the testing period (which is generally a three-year rolling period). The amount of the increase in the percentage of Company shares owned by each 5-percent shareholder whose share ownership percentage has increased is added together with increases in share ownership of other 5-percent shareholders, and an ownership change occurs if the aggregate increase in ownership by all such 5-percent shareholders exceeds 50%.

If an ownership change occurs, there is an annual limit on use of Tax Benefits (the 382 Limitation) equal to (i) the aggregate value of our outstanding equity immediately prior to the ownership change (reduced by certain capital contributions made during the immediately preceding two years and certain other items) multiplied by (ii) the federal long-term tax-exempt interest rate in effect for the month of the ownership change. In calculating the 382 Limitation, numerous special rules and limitations apply, including provisions dealing with built-in gains and losses. If the Company were to have taxable income in excess of the 382 Limitation following an ownership change, the Company would not be

able to offset tax on the excess income with the net operating losses. Although any loss carry forwards not used as a result of any Section 382 Limitation would

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remain available to offset income in future years (again, subject to the Section 382 Limitation in such future years) until the net operating losses expire, an ownership change could significantly defer the utilization of the net operating loss carry forwards, accelerate payment of federal income tax and could cause some of the net operating losses to expire unused. Because the aggregate value of our outstanding stock and the federal long-term tax-exempt interest rate fluctuate, it is impossible to predict with any accuracy the Section 382 Limitation upon the amount of our taxable income that could be offset by such loss carry forwards and credits if an ownership change were to occur in the future. Such limitation could, however, be material.

The Restated Rights Plan is designed to reduce the likelihood that the Company will experience an ownership change by discouraging any person (together with such person's affiliates and associates), without the approval of the Board, from acquiring 4.95% or more of the outstanding common stock, or, if any person (together with such person's affiliates and associates) already beneficially owns in excess of 4.95% or more of the outstanding common stock, from acquiring more shares of common stock, other than by exercise or conversion of currently existing warrants or as a result of a redemption of shares of common stock by the Company. There is no guarantee that the Restated Rights Plan will prevent the Company from experiencing an ownership change.

Although none of the Restated Rights Plan, our certificate of incorporation, our bylaws or applicable law require stockholder approval or ratification of the Restated Rights Plan, our Board has decided to request the stockholders authorize the extension of the Rights Plan for an additional year to April 30, 2014. If the extension of the Restated Rights Plan is not approved by stockholders as proposed, the Restated Rights Plan will expire per its terms on April 30, 2014. However, if the Board may adopt a new stockholder rights plan at a future date if it determines that the adoption of a stockholder rights plan is in the stockholders' best interests at that time.

The following description of the Restated Rights Plan is qualified in its entirety by reference to the text of the Rights Agreement, which is attached as Annex A. We urge you to read carefully the Restated Rights Plan in its entirety as the description below is only a summary.

| | |
|-------------------------------|--|
| <i>Nature of Right:</i> | When exercisable, each Right will initially entitle the holder to purchase one one-thousandth of a share of Preferred Stock. |
| <i>Means of Distribution:</i> | The Rights will be distributed to holders of the Company's outstanding common stock at a dividend of one Right for each share of common stock. The Rights will also be attached to all future issuances of common stock prior to the Distribution Date (as defined below). |
| <i>Exercisability:</i> | Rights become exercisable on the earlier of: (i) the tenth day following the date of public announcement by the Company or by any person or group (an Acquiring Person) that such person or group has acquired beneficial ownership of 4.95% or more of the Company's outstanding common stock, or (ii) the tenth business day (unless extended by the Board prior to the time a person becomes an Acquiring Person) following the commencement, or announcement of an intention to commence, by any person or group of a tender or exchange offer which would result in such person owning 4.95% or more of the outstanding common stock of the Company (the earlier of such dates being referred to as the Distribution Date), provided that an Acquiring Person does not include an Exempt Person (as such term is defined in the Restated Rights Plan). Rights will trade separately from the common stock once the Rights become exercisable. |
| <i>Exercise Price:</i> | \$150.00 per one one-thousandth of a share of Preferred Stock, which is the amount that in the judgment of the Board represents the long-term value of the common stock over the term of the Restated Rights Plan (the Exercise Price). |

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| <i>Term:</i> | The Rights will expire upon the earlier of (i) ten years after the date of issuance, or April 30, 2013 or (ii) redemption or exchange by the Company as described below. |
| <i>Redemption of Rights:</i> | Rights are redeemable at a price of \$.001 per Right, by the vote of the Board, at any time until the occurrence of a Flip-In Event (defined below). |
| <i>Preferred Stock:</i> | The Preferred Stock purchasable upon exercise of the Rights will be nonredeemable and junior to any other series of preferred stock the Company may issue (unless otherwise provided in the terms of such other series). Each share of Preferred Stock will have a preferential cumulative quarterly dividend in an amount equal to the greater of (a) \$3,750.00 or (b) 1,000 times the dividend declared on each share of common stock. In the event of liquidation, the holders of Preferred Stock will receive a preferred liquidation payment equal to the greater of (a) \$150,000.00 per share, plus accrued dividends to the date of distribution, whether or not earned or declared, or (b) an amount per share equal to 1,000 times the aggregate payment to be distributed per share of common stock. Each share of Preferred Stock will have 1,000 votes, voting together with the shares of common stock. In the event of any merger, consolidation or other transaction in which shares of common stock are exchanged for or changed into other securities, cash and/or other property, each share of Preferred Stock will be entitled to receive 1,000 times the amount and type of consideration received per share of common stock. The rights of the Preferred Stock as to dividends, liquidation and voting, and in the event of mergers and consolidations, are protected by customary anti-dilution provisions. Fractional shares (in integral multiples of one one-thousandth) of Preferred Stock will be issuable; however, the Company may elect to distribute depository receipts in lieu of such fractional shares. In lieu of fractional shares other than fractions that are multiples of one one-thousandth of a share, an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise. Because of the nature of the Preferred Stock's dividend, liquidation and voting rights, the value of one one-thousandth of a share of Preferred Stock purchasable upon exercise of each Right should approximate the value of one share of common stock. |
| <i>Rights in Event of Self-Dealing Transaction or Acquisition of Substantial Amount of common stock:</i> | In the event that an Acquiring Person engages in certain self-dealing transactions or becomes a beneficial owner of 4.95% or more of the outstanding common stock (Flip-In Events), a holder of a Right thereafter has the right to purchase, upon payment of the then current Exercise Price, in lieu of one one-thousandth of a share of Preferred Stock, such number of shares of common stock having a market value at the time of the transaction equal to the Exercise Price divided by one-half the Current Market Price (as defined in the Restated Rights Plan) of the common stock. Notwithstanding the foregoing, Rights held by the Acquiring Person or any associate or affiliate thereof or certain transferees will be null and void and no longer be transferable. |
| | Self-dealing transactions are defined to include a consolidation, merger or other combination of an Acquiring Person with the Company in which the Company is the surviving corporation, the transfer of assets to the Company in exchange for securities of the Company, the acquisition of securities of the Company (other than in a pro rata distribution to all stockholders), the sale, purchase, transfer, distribution, lease, mortgage, pledge or acquisition of assets by the Acquiring Person to, from or with the Company on other than an arm's length basis, compensation to an Acquiring Person for services (other than for employment as |

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| | a regular or part-time employee or director on a basis consistent with the Company's past practice), a loan or provision of other financial assistance (except proportionately as a stockholder) to an Acquiring Person or the licensing, sale or other transfer of proprietary technology or know-how from the Company to the Acquiring Person on terms not approved by the Board or a reclassification, recapitalization or other transaction with the effect of increasing by more than 1% the Acquiring Person's proportionate share of any class of securities of the Company. |
| <i>Rights in Event of Business Combination:</i> | If, following the occurrence of a Flip-In Event, the Company is acquired by any person in a merger or other business combination transaction in which the common stock is exchanged or converted or in which the Company is not the surviving corporation, or 50% or more of its assets or earnings power are sold to any person, each holder of a Right (other than an Acquiring Person, or affiliates or associates thereof) shall thereafter have the right to purchase, upon payment of the then current Exercise Price, such number of shares of common stock of the acquiring company having a current market value equal to the Exercise Price divided by one-half the Current Market Price of such common stock. |
| <i>Exchange Option:</i> | In the event (i) any person or group becomes an Acquiring Person or (ii) any of the types of transactions, acquisitions or other events described above as self-dealing transactions occur, and prior to the acquisition by such person or group of 50% or more of the outstanding shares of common stock, the Board may require all or any portion of the outstanding Rights (other than Rights owned by such Acquiring Person which have become void) to be exchanged for common stock on a pro rata basis, at an exchange ratio of one share of common stock or one one-thousandth of a share of Preferred Stock (or of a share of a class or series of the Company's Preferred Stock having equivalent rights, preferences and privileges) per Right (subject to adjustment). |
| <i>Fractional Shares:</i> | No fractional shares of common stock will be issued upon exercise of the Rights and, in lieu thereof, a payment in cash will be made to the holder of such Rights equal to the same fraction of the current market value of a share of common stock. |
| <i>Adjustment:</i> | The Exercise Price payable, and the number of shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for Preferred Stock or convertible securities at less than the current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding dividends payable in Preferred Stock) or of subscription rights or warrants (other than those referred to above). The number of Rights associated with each share of common stock is also subject to adjustment in the event of a stock split of the common stock or a stock dividend on the common stock payable in common stock or subdivisions, consolidations or combinations of the common stock occurring, in any such case, prior to the Distribution Date. |
| <i>Rights as Stockholder:</i> | The Rights themselves do not entitle the holder thereof to any rights as a stockholder, including, without limitation, voting rights or the right to receive dividends. |

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Amendment of Rights:

Until the Rights become nonredeemable, the Company may, except with respect to the redemption price, amend the Restated Rights Plan in any manner. After the Rights become nonredeemable, the Company may amend the Restated Rights Plan to cure any ambiguity, to correct or supplement any provision which may be defective or inconsistent with any other provisions, to shorten or lengthen any time period under the Restated Rights Plan, or to change or supplement any provision in any manner the Company may deem necessary or desirable, provided that no such amendment may adversely affect the interests of the holders of the Rights (other than the Acquiring Person or its Affiliates or associates) or cause the Rights to again be redeemable or the Restated Rights Plan to again be freely amendable.

Anti-Takeover Effects

While intended to reduce the risk of an ownership change within the meaning of Section 382 of the Code, and thereby preserve the current ability of the Company to utilize the Tax Benefits, the Rights could have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group who becomes an Acquiring Person on terms not approved by the Company's Board. The Rights should not interfere with any merger or other business combination approved by the Board since the Board may exempt such merger or business combination from the Restated Rights Plan. In addition, the Rights may be redeemed by the Company at any time as described above.

Vote Required and Board of Directors Recommendation

Approval of this proposal requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote on this proposal. Abstentions will have the same effect as votes against the proposal. Broker non-votes will have no effect on the outcome of this vote.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE TO EXTEND THE TERM OF THE AMENDED AND RESTATED SHAREHOLDERS RIGHTS PLAN FOR AN ADDITIONAL YEAR TO APRIL 30, 2014.

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PROPOSAL THREE:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Background

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), our stockholders are entitled to vote to approve, on an advisory non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's named executive officers and the philosophy, policies and practices described in this proxy statement.

As described in further detail under the heading *Executive Compensation and Other Matters Compensation Discussion and Analysis*, our executive compensation philosophy is designed to attract high quality candidates for senior leadership positions, to retain these employees and to establish a total compensation program which, motivates and rewards individual and team performance in a highly competitive industry. Our compensation programs are designed to align our executive officers' performance with our goals, principal among which is the creation of stockholder value. For fiscal 2012, the principal components for our executive officers were cash base salary with variable annual cash and long term equity incentives. Please read the *Compensation Discussion and Analysis* for additional details about our executive compensation programs, including information about the fiscal year 2012 compensation of our named executive officers and how our executive compensation programs reflect our philosophy and are linked to the Company's performance.

We are asking our stockholders to indicate their support for the compensation arrangements with our named executive officers as described in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation. Accordingly, we are asking our stockholders to vote FOR the following resolution to be presented at the 2012 Annual Meeting:

RESOLVED, that the stockholders approve the compensation paid to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative discussion.

Vote Required and Board of Directors Recommendation

The proposal requires the affirmative vote of a majority of the votes cast for or against the proposal at the 2012 Annual Meeting, as well as the presence of a quorum representing a majority of the shares of our common stock entitled to vote at the 2012 Annual Meeting, present in person or represented by proxy. Abstentions and broker non-votes will each be counted as present for purposes of determining a quorum but will not have any effect on the outcome of the proposal.

This say-on-pay vote is advisory, and therefore is not binding on us, the Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders, and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are appropriate to address those concerns. The Board has adopted a policy providing for annual say-on-pay

advisory votes. Unless the Board modifies this policy, the next say-on-pay advisory vote will be held at our 2013 annual meeting.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE RESOLUTION ABOVE, RELATING TO THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SECURITIES AND EXCHANGE COMMISSION.

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PROPOSAL FOUR:

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

FOR THE FISCAL YEAR ENDING JUNE 30, 2013

The Audit Committee has appointed KPMG LLP (KPMG) as the Company's independent registered public accounting firm to serve as independent auditors to audit our consolidated financial statements for the fiscal year ending June 30, 2013. KPMG has served as the Company's independent registered public accounting firm since November 2010. Prior to November 2010, Ernst & Young LLP (Ernst & Young) served as the Company's independent registered public accounting firm since 1997. A representative of KPMG is expected to be present at the 2012 Annual Meeting, will have an opportunity to make a statement if desired and will be available to respond to appropriate questions.

Representatives of our independent auditors normally attend most meetings of the Audit Committee. The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services and other services. Any pre-approval is detailed as to the particular service or category of services. Our independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by our independent auditors in accordance with this pre-approval policy. For fiscal year 2012 and 2011, all fees paid to our independent auditors were pre-approved in accordance with this policy without exception.

The Audit Committee on an annual basis reviews the services performed by the independent registered public accounting firm, and reviews and approves the fees charged by the accounting firm. The Audit Committee has considered the role of the independent registered public accounting firm in providing tax and other non-audit services to us and has concluded that these services are compatible with the accounting firm's independence as our independent auditors.

Principal Accounting Fees and Services

The following table sets forth the fees accrued or paid to the Company's independent registered public accounting firms for the fiscal years ended June 30, 2012 and July 3, 2011.

| | 2012 KPMG LLP | 2011 KPMG LLP | 2011 ERNST & YOUNG LLP |
|-----------------------------------|-------------------|-------------------|---------------------------|
| Audit fees ⁽¹⁾ | \$ 880,000 | \$ 900,000 | \$ 530,531 |
| Audit related fees ⁽²⁾ | 26,200 | | 168,365 |
| Tax Fees ⁽³⁾ | | | 55,258 |
| Total | \$ 906,200 | \$ 900,000 | \$ 754,154 |

- (1) Audit fees relate to professional services rendered in connection with the audit of our annual financial statements and internal control over financial reporting, quarterly review of financial statements included in the Company's Quarterly Reports on Form 10-Q and audit services provided in connection with other statutory and regulatory filings.
- (2) Audit-related fees comprise fees for professional services that are reasonably related to the performance of the audit or review of the Company's financial statements.

- (3) Tax fees relate to professional services rendered in connection with tax audits, international tax compliance, and international tax consulting and planning services.

Vote Required and Board of Directors Recommendation

Stockholder ratification of the selection of KPMG as our independent registered public accounting firm is not required by our Bylaws or otherwise. Our Board, however, is submitting the selection of KPMG to stockholders for ratification as a matter of good corporate practice. If stockholders fail to ratify the selection, the Audit Committee and our Board will reconsider whether or not to retain that firm. Even if the selection is

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ratified, the Audit Committee and our Board in their discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of us and our stockholders.

Approval of this proposal requires the affirmative vote of a majority of the votes cast affirmatively or negatively on the proposal, assuming a quorum is present. Votes for, against, abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but abstentions and broker non-votes will not have any effect on the outcome of the vote on this proposal. If you sign and return a proxy card without giving specific voting instructions on this proposal, your shares will be voted in favor of the proposal.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE PROPOSAL TO RATIFY KPMG LLP AS EXTREME NETWORKS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2013.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of October 1, 2012, certain information with respect to the beneficial ownership of our common stock by: (i) each stockholder known by us to be the beneficial owner of more than 5% of our common stock, (ii) each named executive officer, (iii) each of our directors and director nominees, and (iv) all executive officers and directors as a group.

Except as otherwise indicated, the address of each beneficial owner is c/o Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, CA 95051.

| Name and Address ⁽¹⁾ | Amount and Nature of Beneficial Ownership ⁽²⁾ | Percent of Class ⁽³⁾ |
|---|---|------------------------------------|
| Holders of Greater than 5%: | | |
| Soros Fund Management LLC 888 Seventh Avenue, 33rd Floor New York, New York 10106 | 8,601,186 ⁽⁴⁾ | 9.1% |
| Starboard Value LP 599 Lexington Avenue, 19th Floor New York, New York 10022 | 8,390,000 ⁽⁵⁾ | 8.8% |
| Wellington Management Company, LLP 280 Congress Street Boston, Massachusetts 02210 | 5,533,320 ⁽⁶⁾ | 5.8% |
| BlackRock 55 East 52 nd Street New York, New York 10055 | 5,115,033 ⁽⁷⁾ | 5.4% |
| Raging Capital Management, LLC Ten Princeton Avenue Rocky Hill, New Jersey 08553 | 4,782,870 ⁽⁸⁾ | 5.0% |
| Directors and Named Executive Officers: | | |
| Maury Austin, Director | 10,000 ⁽⁹⁾ | * |
| Charles Carinalli, Director | 424,216 ⁽¹⁰⁾ | * |
| Edward Kennedy, Director | 25,834 ⁽¹¹⁾ | * |
| John H. Kispert, Director | 100,556 ⁽¹²⁾ | * |
| Edward B. Meyercord, III, Independent Chairman of the Board of Directors | 104,056 ⁽¹³⁾ | * |
| John C. Shoemaker, Director | 143,333 ⁽¹⁴⁾ | * |
| Harry Silverglide, Director | 216,327 ⁽¹⁵⁾ | * |
| Edward Terino, Director | 100,000 | * |
| Oscar Rodriguez, President and Chief Executive Officer, Director | 827,829 ⁽¹⁶⁾ | * |
| John Kurtzweil, Senior Vice President, Chief Financial Officer | 10,000 | * |
| David Ginsburg, Senior Vice President, Chief Marketing Officer | 209,698 ⁽¹⁷⁾ | * |
| Nancy Shemwell, Executive Vice President, Global Sales | | * |
| Mimi Gigoux, Former Senior Vice President, Human Resources | 68,263 ⁽¹⁸⁾ | * |
| Diane Honda, Former Vice President, General Counsel and Secretary | 196,102 ⁽¹⁹⁾ | * |
| James Judson, Former Interim Vice President, Chief Financial Officer | 100,000 | * |
| Michael Seaton, Former Vice President, Worldwide Sales and Services | 72,634 | * |
| All Executive Officers and Directors as a Group (16 persons) | 2,608,848⁽²⁰⁾ | 2.7% |

* Less than 1%

(1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table.

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- (2) Under the rules of the SEC, a person is deemed to be the beneficial owner of securities that can be acquired by the person within 60 days of October 1, 2012.
- (3) Calculated on the basis of 95,009,228 shares of common stock outstanding as of October 1, 2012, provided that any additional shares of common stock that a stockholder has the right to acquire within 60 days of October 1, 2012 are deemed to be outstanding for purposes of calculating that stockholder's percentage of beneficial ownership. These shares are not, however, deemed to be outstanding and beneficially owned for the purpose of computing the percentage ownership of any other person.
- (4) According to a Form 13F filed by the stockholder with the SEC on August 14, 2012.
- (5) According to a Form 13F filed by the stockholder with the SEC on August 14, 2012.
- (6) According to a Form 13F filed by the stockholder with the SEC on August 14, 2012.
- (7) According to a Schedule 13G/A filed by the stockholder with the SEC on February 13, 2012.
- (8) According to a Schedule 13G filed by the stockholder with the SEC on August 13, 2012.
- (9) Includes no shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (10) Includes 195,000 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (11) Includes 8,334 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (12) Includes 55,000 shares issuable pursuant to options exercisable within 60 days of October 1, 2012. Includes 20,000 shares held by the Kispert Family Trust UTD September 13, 2000.
- (13) Includes 55,000 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (14) Includes 55,000 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (15) Includes 185,000 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (16) Includes 693,750 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (17) Includes 200,000 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (18) Includes 58,333 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (19) Includes 135,625 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.
- (20) Includes 1,671,042 shares issuable pursuant to options exercisable within 60 days of October 1, 2012.

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EXECUTIVE COMPENSATION AND OTHER MATTERS

Compensation Discussion and Analysis

Executive Summary

We promote a pay for performance compensation philosophy for our management team (including our named executive officers), by creating a compensation framework that emphasizes the following features:

Simple compensation structure. Target compensation for our management team in 2012 consisted primarily of base salary, performance based cash bonuses and stock option and RSU grants.

Management bonus plan tied to straightforward financial metrics. The Company maintains a performance based cash bonus plan, under which a bonus pool is established upon the achievement of Company performance targets established by the Compensation Committee at the outset of the year.

Reasonable Equity Grants. The Company grants stock options and RSUs to its management team with standard time based vesting, which encourages retention and stability in the management team and ties realizable compensation from such equity grants to stock price.

No compensation guarantees. The Company does not guarantee employment, salary increases, bonuses, pension arrangements, equity grants, or deferred compensation to its management.

Limited perquisites. The Company does not generally provide any benefits/perquisites to our executive officers that are not generally available to all employees. These are comprised of a 401(k) partial contribution matching program and insurance coverage. No tax gross up payments on bonuses or payments are provided.

Reasonable severance benefits. Certain executive officers are party to agreements which provide severance benefits related to without cause terminations, or without cause or for good reason terminations in connection with a change-in-control transaction. The amount of such severance benefits is continuation of base salary, bonus, and Cobra payments for limited time periods.

No hedging transactions. All executive officers are prohibited from engaging in any speculative transactions in Company securities, including engaging in short sales, engaging in transactions in put options, call options or other derivative securities, or engaging in any other forms of hedging transactions.

Annual reviews by independent compensation committee and consultant. The Company's Compensation Committee is comprised solely of independent directors. The Compensation Committee has the discretion to retain independent consultants and counsel, and it utilizes Compensia Inc. to provide guidance in conducting its annual executive compensation review.

Compensation Philosophy and Objectives

Our executive compensation philosophy and objectives are to provide a competitive total compensation package that allows us attract high quality candidates for senior leadership positions, to retain these employees and to establish a total compensation program which motivates and rewards individual and team performance in alignment with our long-term business strategies and objectives. We also seek to align the interests of management and our stockholders by providing variable compensation that is directly linked to the performance of the company and stockholder return. We believe it is in our stockholders' interests to attract, motivate and retain highly qualified individuals in critical positions by providing competitive compensation opportunities. We establish market competitive target levels of total compensation, focusing on both current pay and the opportunity for long term and future compensation. Annual compensation for a given executive is determined with reference to competitive market data, as well as the individual's experience, knowledge, skills, education, performance and importance to our business. Our compensation program is designed to motivate individual and team accountability for our absolute and relative competitive performance.

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2011 Say on Pay Advisory Vote on Executive Compensation

The Company provided stockholders with an advisory vote on executive compensation for the first time at the 2011 annual meeting. At our 2011 annual meeting, approximately 90% of the votes cast in the say on pay advisory vote were FOR approval of our executive compensation. The Committee took the results of our 2011 advisory vote on executive compensation into consideration in determining whether modifications to our executive compensation programs were necessary. The Committee viewed this level of stockholder support as a vote of confidence in our compensation policies and that material changes were not immediately required.

Compensation Process

Our Compensation Committee, in consultation with the Board and the Company's human resources group, designs, establishes and oversees the Company's compensation programs and compensation philosophy. The Committee establishes all elements of compensation paid to the CEO and reviews and approves all elements of compensation paid to the named executive officers and our senior officers. Our guiding compensation principle is to align executive compensation with the Company's strategic objectives and financial performance. Throughout the year, the Chair of our Compensation Committee meets with our Vice President of Human Resources to monitor issues relating to executive compensation. At the end of the fiscal year, our CEO conducts a qualitative and quantitative assessment of each named executive officer's performance for the past fiscal year based upon the officer's individual and team business goals and objectives. As set forth in additional detail below, our CEO and our Vice President of Human Resources also review the competitive benchmarking assessments of similarly situated executives in comparable companies in our industry, the competitive position of us relative to comparable companies in our industry, and the available salary and equity merit increase budget for the Company. Our CEO then makes specific recommendations to the Compensation Committee for any changes to base salary, target bonus opportunities, other cash incentives and equity awards, if appropriate. The Compensation Committee considers these proposals and makes any final approvals required in executing their duties. In addition, the Compensation Committee similarly assesses the performance of our CEO, based on the achievement of the approved financial goals, performance metrics, and strategic objectives identified to improve our operating performance. Our CEO is not present at the time the Compensation Committee reviews his performance and discusses his compensation. The Compensation Committee retains an independent compensation consultant to provide data and advice and to conduct a third-party review and assessment of proposed compensation plans. At the direction of the Committee, the consultant also periodically provides guidance to the CEO, Head of Human Resources and the Committee on compensation issues.

Compensation Consultant, Peer Group Selection and Benchmarking

To make sure our executive compensation is market based, for 2011, the Compensation Committee engaged Radford Surveys and Consulting (Radford), an AON/Hewitt company, as its independent compensation consultant for the fiscal year ended June 30, 2012. In connection with the Compensation Committee's desire to more closely tie future compensation to performance and to further align executive compensation with stockholder value, the Compensation Committee has engaged Compensia, Inc., an independent compensation consultant with expertise in the technology sector, to assist it in the performance of its tasks and to advise it with respect to compensation matters for 2013 and beyond. The Committee routinely assigned Radford projects designed to ensure that our executive compensation programs were reflective of companies in our peer group. Additionally, the Company's human resources team supported the work of Radford and the Committee. In its role as independent compensation consultant, at the request of the Committee, Radford participated in Committee meetings and provided compensation advice to the Committee. In 2012, Radford provided advice and recommendations to the Committee on competitiveness of executive officer compensation levels, revisions and additions to the company's peer group, goal metrics and bonus design, compensation mix between cash and equity, developments in high technology compensation programs, employment contracts, legislation and regulation affecting executive compensation, the impact of the global economy on executive compensation and director compensation. We paid the fees charged by Radford for its engagement by the Compensation Committee with respect to its services related to fiscal year 2012 compensation.

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The Compensation Committee seeks to set the base salary and total compensation of our executives, including our named executive officers, in alignment with similarly-situated executives in comparable companies in our industry with whom we directly compete in our hiring and retention of executives. The Committee looks at a variety of factors when setting pay including the market data. The Executive's experience, the scope of the executive's role relative to the roles in the comparable data, the executive's performance and the Company's performance.

For the Compensation Committee's deliberations regarding our fiscal year 2012 executive compensation, the Compensation Committee, in consultation with Radford, reviewed a Radford Executive Benchmark Survey which includes the following companies which make up our peer group (unchanged from 2011):

| | | |
|--------------------|-------------------------|----------------------------|
| ADTRAN, Inc. | Harmonic | QLogic Corporation |
| Blue Coat Systems | Infinera | RadiSys Corporation |
| Digi International | MRV Communications Inc. | Sonos Networks |
| EMS Technologies | NETGEAR, Inc. | Super Micro Computer |
| Emulex | Novatel Wireless, Inc. | Westell Technologies, Inc. |
| F5 Networks | QAD | |

The peer group is comprised of computer networking and communication equipment companies and other high-tech companies with \$105 million to \$1.0 billion in revenue. The Radford assessment examined a range of pay levels including the 25th, 50th and 75th percentile of the applicable benchmark group to reflect a range of pay to be considered when determining individual pay elements.

Compensation Program Elements

The main elements of our compensation program and their respective purposes are as follows:

| Element | Purpose |
|--|---|
| Base salary | Attract and retain talented employees. Serve as the primary element of fixed compensation. |
| Annual cash incentives | Encourage and reward individual and overall company performance relative to our current plans and objectives, particularly in the short term. |
| Annual long-term equity incentives | Promote the achievement longer-term financial and strategic objectives. Encourage employee retention. Align the interests of officers and stockholders. |
| Change in control and severance benefits | Retain officers during the pendency of a proposed change in control transaction. Avoid adverse impacts to the morale of officers and of uncertainty regarding continued employment. Align the interests of officers and stockholders in the event of a change in control. |
| Benefit plans | Attract and retain talented employees. Provide assurance of financial support in the event of illness or injury. Encourage retirement savings. Encourage additional equity ownership by employees. |

The Compensation Committee does not have a set formula for determining the mix of pay elements for named executive officers. Other than certain change in control and severance benefits, our executives generally receive only compensation elements that are provided to our rank-and-file employees.

Table of Contents***2012 Compensation Decisions***

For the fiscal year ended June 30, 2012, our named executive officers and their respective titles were as follows:

| Name | Title |
|-------------------------------------|---|
| Oscar Rodriguez | <i>President and Chief Executive Officer, Director</i> |
| John Kurtzweil | <i>Senior Vice President, Chief Financial Officer</i> |
| David Ginsburg | <i>Senior Vice President, Chief Marketing Officer</i> |
| Diane Honda⁽¹⁾ | <i>Former Vice President, General Counsel and Secretary</i> |
| Mimi Gigoux⁽²⁾ | <i>Former Senior Vice President, Human Resources</i> |
| James Judson⁽³⁾ | <i>Former Interim Vice President, Chief Financial Officer</i> |
| Michael Seaton⁽⁴⁾ | <i>Former Vice President, Worldwide Sales and Services</i> |

- (1) Ms. Honda served in her position through the end of fiscal 2012 but subsequently resigned from the Company effective October 5, 2012.
- (2) Ms. Gigoux served in her position through the end of fiscal 2012 but subsequently resigned from the Company effective August 24, 2012.
- (3) Mr. Judson resigned from the Company effective June 29, 2012.
- (4) Mr. Seaton is included under Item 402(a)(3)(iv) of Regulation S-K. Mr. Seaton resigned from the Company effective May 31, 2012.

Base Salaries

At the beginning of the year, the Compensation Committee, together with our Vice President of Human Resources and CEO, reviewed the base salaries for our executive officers for the fiscal year ending June 30, 2012. The Compensation Committee decided not to make any adjustments to the base salaries of any of our continuing named executive officers for fiscal 2012. During the fiscal year, the Compensation Committee did, however, approve revisions to the agreement by which Mr. Judson agreed to serve as the Company's Interim Vice President and Chief Financial officer and reviewed and approved the offers to Mr. Kurtzweil and Ms. Gigoux when they joined the Company, including their salaries for fiscal 2012. Subsequently, in the first quarter of the 2013 fiscal year, the Compensation Committee decided to decrease Mr. Rodriguez's salary to \$524,000 from \$550,000 (and to increase his target bonus opportunity to 110% of his base salary from 100%), in order to more closely tie Mr. Rodriguez's cash compensation to the Company's performance.

For additional information regarding the Compensation Committee's decisions with respect to named executive officers base salaries, including a summary of any applicable separation arrangements, see the discussion below under the heading *Summary of Employment and Other Agreements*.

Annual Short-Term Incentives

Our Compensation Committee establishes an incentive plan each year, designed to reward individual and overall company performance relative to our current plans and objectives, particularly in the short term. The structure and elements of the plan are reviewed and modified annually based upon expectations for our business based on our Board-approved operating plan. In July 2011 the Compensation Committee, approved the terms of our Fiscal 2012 Incentive Bonus Plan, or our 2012 Incentive Plan.

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The 2012 Incentive Plan as approved by the Compensation Committee is a combination 50% cash and 50% restricted stock unit-based bonus program that provided payouts for two distinct operational periods which were to be funded and earned based on the achievement of pre-established corporate and individual objectives. All Named Executive Officers who are not on a commission plan were eligible for the 2012 Incentive Plan. In order to participate in the 2012 Incentive Plan, participants must have been employed by us for a minimum of one full fiscal quarter and must be employed by us, or one of our subsidiaries, on the day any awards under the 2012 Incentive Plan are made.

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Under the terms of the 2012 Incentive Plan the Compensation Committee established bonus targets for our named executive officers and set the targets for officers hired or promoted during the course of the year. The individual target bonus amounts as a percentage of base salary for each of Mr. Rodriguez, Mr. Kurtzweil, Mr. Ginsburg, Mr. Judson, Mr. Seaton, Ms. Honda and Ms. Gigoux were 100%, 0%, 50%, 60%, 0%, 40% and 50%, respectively. The maximum payout an executive was eligible to receive was to be calculated based upon 150% of the participant's target bonus of which 50% was to be paid in cash and 50% was to be paid via the issuance of restricted stock units.

The Compensation Committee does not adhere to a strict formula in determining performance goals. Instead, the Committee employs a flexible approach that enables it to choose performance metrics that are specifically designed to allow the company to adjust to evolving market conditions. For 2012, the Compensation Committee adopted performance goals based solely on achievement of operating income percentage. Performance goals and funding targets under the 2012 Incentive Plan were separated into two periods, corresponding to the first two and the second two fiscal quarters, with a maximum payout of \$6.8 million, which equates to a 150% payout level upon achievement of the highest operating income percentage targets.

The 2012 Incentive Plan was structured to payout at the 100% level if the Company achieved 10% operating income for the first half of its fiscal year and 13% operating income for the second half of its fiscal year. During the year, the Committee amended the 2012 Incentive Plan to allow for executive participants to be eligible for their full target bonus amount payout based solely on achievement of the second half performance targets.

In August 2012, following completion of fiscal 2012 and based on the achievement of the Company's operating income performance objectives, the Compensation Committee approved a payout to all participants under the 2012 Incentive Plan at a level of 18%. In addition, the Compensation Committee approved a discretionary bonus of 16% for Mr. Ginsburg, Ms. Gigoux, and Ms. Honda for their completion of other significant company objectives and to more evenly compensate them relative to competitive companies. As a result, our named executive officers received the following awards in fiscal 2012:

| Executive | Cash Bonus Payment | RSUs⁽²⁾ |
|--|-----------------------------------|---------------------------|
| Oscar Rodriguez | | |
| <i>President and Chief Executive Officer</i> David Ginsburg | \$ 49,500 | 14,644 |
| <i>Senior Vice President, Chief Marketing Officer</i> James Judson ⁽¹⁾ | \$ 25,075 | 7,418 |
| <i>Former Interim Vice President and Chief Financial Officer</i> Mimi Gigoux ⁽¹⁾ | \$ 18,900 | 5,591 |
| <i>Former Senior Vice President, Human Resources</i> Diane Honda | \$ 21,505 | 6,362 |
| <i>Former Vice President, General Counsel and Secretary</i> | \$ 18,564 | 5,492 |

(1) Bonus paid notwithstanding cessation of employment prior to the date of payment.

(2) Issued with a fair market value of \$3.38 per share.

Sales Commission Plan

Mr. Seaton did not participate in our 2012 Incentive Plan, but instead participated in a separate sales commission plan. For 2012, Mr. Seaton was paid a fixed percentage based upon a set quota, with a target total commission of \$250,000 based on total revenue, though the total amount achievable by Mr. Seaton was uncapped. A fixed percentage was used to make the plan easy to understand and to directly tie Mr. Seaton's compensation to our success. Because our management wanted to incentivize Mr. Seaton to maximize sales of our products and services and thereby maximize his own compensation, there were no maximum amounts established for Mr. Seaton's sales commission plan.

Table of Contents*Special One-Time Cash Bonus to Ms. Honda*

Based on Ms. Honda's performance for the second half of 2011 and due in part to the fact that Ms. Honda's cash and equity compensation historically was set at a level that was below market competitive compensation for her position, the Compensation Committee awarded a special one-time cash bonus to Ms. Honda in an amount of \$125,000. The bonus was paid to Ms. Honda on February 15, 2012.

Long-Term Equity Incentive Compensation

We grant equity awards under our equity incentive plans to our executive officers in order to promote the achievement of longer-term financial and strategic objectives, to encourage employee retention and to align the interests of our officers and of our stockholders. Under our 2005 Equity Incentive Plan, or the 2005 Plan, we may grant stock options, stock appreciation rights, restricted stock, RSUs, performance shares, performance units, and other share-based or cash-based awards to employees and consultants. The 2005 Plan also authorizes the grant of awards of stock options, stock appreciation rights, or SARs, restricted stock, and RSUs to non-employee members of our Board and deferred compensation awards to officers, directors and certain management or highly compensated employees. Under the 2005 Plan, all stock options must be granted with an exercise price per share that is not less than the fair market value of a share of our common stock on the effective date of grant of the option. The 2005 Plan replaced the 1996 Stock Option Plan, the 2000 Nonstatutory Stock Option Plan, and the 2001 Nonstatutory Stock Option Plan. As of June 30, 2012, 9,873,561 shares were available for future grant under the 2005 Plan.

New Hire Grants; Promotional Grants

Generally, we grant equity awards to our new employees, including our named executive officers, in connection with the start of their employment in order to induce them to join us and to tie their long term compensation to future increases in our stock price. We occasionally grant additional equity awards in connection with the promotion of employees as a reward for outstanding past performance and to provide incentives resulting from future stock gains. New-hire stock options granted to named executive officers generally vest as follows: one-fourth vests one year after the officer's employment start date, and the remaining shares vest monthly over the following three years at a rate of 1/48th of the entire option each month, subject to the officer's continued employment with us. Promotional stock options granted to named executive officers generally vest monthly over the four years following the date of grant at a rate of 1/48th of the entire option each month, subject to the officer's continued employment with us. However, our Board or the Compensation Committee has approved certain exceptions to vesting schedules for new-hire and promotional equity awards in the past. For example, see *Change in Control and Severance Agreements*, below. The aggregate amounts of the new-hire or promotional grants to named executive officer are negotiated with the named executive officer.

The following table sets forth information on new-hire or promotional grants to named executive officers in fiscal year 2012:

| Executive ⁽¹⁾ | Equity Award Grant Date | Number of Shares Subject to Stock Option Grant | Number of Shares Subject to RSU Grant |
|--|----------------------------|--|---|
| James Judson, | | | |
| <i>Former Interim Vice President and Chief Financial Officer</i> | November 4, 2011 | 50,000 | |
| Mimi Gigoux, | August 3, 2011 | 175,000 | |
| <i>Former Senior Vice President, Human Resources</i> | August 3, 2011 | | 25,000 |

- (1) While hired in fiscal 2012, Mr. Kurtzweil did not receive his new hire grants until after the end of the fiscal year.

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We have typically granted our executive officers additional stock option and RSU grants on an annual basis, with the goal of more closely aligning the interests of management and our stockholders by providing continued incentives to our officers in order to retain strong executives and improve corporate performance. Only executives with positive performance rankings are eligible for annual merit grants. Merit based annual stock options granted to named executive officers generally vest monthly over the four years following the date of grant at a rate of 1/48th of the entire option each month, subject to the officer's continued employment with us. Merit based RSU grants generally vest over a two or three year period, with equal installments vesting on the anniversary date of each grant, subject to the officer's continued employment with us. However, our Board or the Compensation Committee has approved certain exceptions to vesting schedules in the past.

In August 2011, the Compensation Committee evaluated the performance of each of our named executive officers and, decided at that time to grant merit based annual stock options and RSUs to certain of our executive officers. The following table sets forth information on merit based stock options and RSUs grants to named executive officers in fiscal year 2012:

| Executive | Equity Award Grant Date | Number of Shares Subject to Stock Option Grant | Number of Shares Subject to RSU Grant |
|---|--------------------------------|---|--|
| Oscar Rodriguez | August 3, 2011 | 600,000 | |
| <i>President and Chief Executive Officer</i> | August 10, 2011 | | 100,000 |
| Diane Honda | August 3, 2011 | 50,000 | |
| <i>Former Vice President, General Counsel and Secretary</i> | August 3, 2011 | | 15,000 |
| Michael Seaton | | | |
| <i>Former Vice President, Worldwide Sales and Services</i> | August 3, 2011 | 70,000 | |

Our process with regard to grants of equity compensation awards to Board members, officers, and non-officer employees is as follows:

The general practice for equity awards is to make grants once per quarter, during open trading windows only, on the second trading day following the public announcement of quarterly financial results, pursuant to a list to be circulated to the appropriate granting authority prior to the proposed approval date.

All grants are to be approved by the Compensation Committee.

Grants are to be approved at Compensation Committee meetings (not by unanimous written consent, except in extraordinary circumstances).

Granting authority may not be delegated to management.

Our Board and management are to continue monitoring processes and policies recommended by the SEC, self-regulatory authorities and outside advisors.

