



NEWS RELEASE

# Extreme Networks Agrees to Acquire Wireless LAN Business from Zebra Technologies

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SAN JOSE, Calif., and LINCOLNSHIRE, Ill., Sept. 14, 2016 /PRNewswire/ -- **Extreme Networks, Inc.** (NASDAQ: EXTR) and **Zebra Technologies Corporation** (NASDAQ: ZBRA) announced today that Extreme Networks has agreed to acquire Zebra's wireless LAN (WLAN) business in an all-cash transaction. The transaction is expected to close in the fourth quarter of 2016 (which is the second quarter of fiscal 2017 for Extreme Networks), subject to customary closing conditions including regulatory approvals.

"Combining Zebra's WLAN technologies and marquee retail, transportation and logistics, and hospitality customers with Extreme Networks' wired and wireless capabilities, recognized as visionary in the Gartner Magic Quadrant, creates the industry's number three WLAN enterprise campus powerhouse," said Ed Meyercord, President and CEO of Extreme Networks. "WLAN is the fastest growing segment in the networking industry. Our heritage of delivering innovative and pioneering technology is reinforced with today's announcement, underscoring our commitment to providing customers worldwide with unified visibility and control across their wired and wireless networks."

"The WLAN business is an ideal fit with Extreme Networks as a pure play networking company, and we are proud of our WLAN employees for the contributions they have made to Zebra and will make in the future," said Anders Gustafsson, CEO of Zebra Technologies. "This transaction enables us to increase our focus on delivering the best Enterprise Asset Intelligence solutions, in collaboration with our partners, that give our customers real-time visibility into their operations so they can make smarter decisions. We continually evaluate our business to ensure we are focusing on the areas which generate the strongest growth and highest return profiles, and today's announcement exemplifies that commitment to our shareholders."

## Strategic Fit for Extreme

This acquisition will strengthen and expand Extreme Networks' end-to-end, wired and wireless software-driven networking solutions and complements its vertical market focus. According to a leading industry analyst firm, the combined WLAN business will be the third largest provider in its combined target markets and fourth largest by market share. Extreme will acquire customers, personnel and technology assets from Zebra.

Zebra WLAN customers will benefit from Extreme Networks' entire portfolio. The acquisition positions Extreme Networks as a leader across the hospitality, education, healthcare, manufacturing and state and local government markets and extends the company into new verticals such as retail, transportation and logistics, and broader hospitality, creating additional opportunities for growth. All WLAN customers in each vertical market served, regardless of the solutions they own, will have access to Extreme Networks' award winning ExtremeWorks™ services offerings. Extreme Networks' best of breed mobility solutions will be offered to all registered resellers under the Extreme Partner Network program.

Extreme Networks will continue to invest in the newly acquired technology which will bolster the company's software-driven solutions portfolio which includes ExtremeWireless™, ExtremeManagement™, ExtremeControl™, ExtremeAnalytics™, ExtremeSwitching™ and ExtremeCloud™. With significantly broadened capabilities, these solutions will leverage the acquired business' software technologies including the WiNG wireless operating system, NSight advanced network troubleshooting, service assurance and vendor-agnostic AirDefense solutions. Through the acquisition, Extreme Networks will add in-house Managed Services' capabilities to its existing offerings, providing broader options for all customers of the combined business.

Extreme Networks expects the transaction to be accretive to cash flow and earnings for its fiscal year 2017 and expects to generate over \$115 million in annualized revenue from the acquired WLAN assets.

## Outlook for Zebra

The sale of the WLAN business is expected to have an immaterial impact to Zebra's adjusted EBITDA margin. The company anticipates the transaction will be dilutive to earnings in the fourth quarter of 2016. Net proceeds from the sale will be used to pay down debt. Zebra expects to provide any updates to its full-year outlook during its third quarter earnings release in November.

Zebra will continue to offer customers a complete end-to-end solution - from mobile computers and scanners to specialty printers, RFID, software and services - for identifying, tracking and managing critical assets, people and transactions. Zebra's broad range of differentiated products, deep understanding of its customers and continued investment in R&D ensure that the company offers highly relevant solutions globally that help customers take advantage of key technology trends including the Internet of Things, mobility and cloud computing. Zebra has the

industry's most comprehensive go-to-market channel network of value-added resellers, integrators, independent software vendors, distributors and original equipment manufacturers.

## Terms of the Transaction

The transaction purchase price is \$55 million. Extreme expects to fund the transaction with a combination of cash on hand along with fully committed financing available under its credit facility, which is being expanded in connection with this transaction. The transaction is subject to customary closing conditions, including certain regulatory approvals, and is expected to close in the fourth quarter of 2016 (which is the second quarter of fiscal 2017 for Extreme Networks). Extreme expects to file a Current Report on Form 8-K with the Securities and Exchange Commission later today providing further details regarding the terms of the transaction.

Moelis & Company LLC is acting as financial advisor and Kirkland & Ellis LLP is acting as legal advisor to Zebra Technologies Corp. Latham & Watkins LLP is acting as legal advisor and Cowen and Company provided a fairness opinion to Extreme Networks.

## Conference Call and Outlook

Extreme Networks will host a conference call at 8:00 a.m. Eastern / 5:00 a.m. Pacific today to discuss this announcement. The conference call will be available to the public through a live audio web broadcast via the Internet at <http://investor.extremenetworks.com> and a replay of the call will be available on the website through September 14, 2017. The conference call may also be heard by dialing 1-877-303-9826 (international callers dial 1-224-357-2194). Supplemental financial information to be discussed during the conference call will be posted in the Investor Relations section of the Company's website [www.extremenetworks.com](http://www.extremenetworks.com). The encore recording can be accessed by dialing (855) 859-2056 or international 1 (404) 537-3406 with the conference ID # 81637064.

## Forward-Looking Statements

Except for the historical information contained herein, the matters set forth in this press release, including without limitation statements as to the features, performance, and benefits of Extreme Networks products, future investment by Extreme Networks in the acquired business and the anticipated benefits of the acquisition of Zebra's WLAN business are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements speak only as of the date hereof. Because such statements deal with future events, they are subject to risks and uncertainties and actual results may differ materially from those anticipated or projected. These risks and uncertainties include the risk that the acquisition may not be completed, the risk that Extreme may not realize the anticipated benefits of the acquisition or that such benefits may take longer to realize than anticipated, and other risks associated with the acquisition, such as the ability to successfully integrate the acquired technologies and operations and the actual results of their use in different environments, the potential for unexpected liabilities and Extreme Networks' ability to retain

customer relationships and key employees and Extreme Networks' ability to invest in the business on a going forward basis. Extreme Networks undertakes no obligation to update the forward-looking information in this release. Other important factors that could cause actual results to differ materially are contained in the Company's 10-Qs and 10-Ks that are on file with the Securities and Exchange Commission. <http://www.sec.gov/>.

## About Extreme Networks

Extreme Networks, Inc. (**EXTR**) delivers software-driven networking solutions that help IT departments everywhere deliver the ultimate business outcome: stronger connections with customers, partners and employees. Wired to wireless, desktop to datacenter, on premise or through the cloud, we go to extreme measures for our 20,000-plus customers in more than 80 countries, delivering 100% insourced call-in technical support to organizations large and small, including some of the world's leading names in business, education, government, healthcare, manufacturing, retail, transportation, logistics and hospitality. Founded in 1996, Extreme is headquartered in San Jose, California. For more information, visit Extreme Networks' **website** or call 1-888-257-3000.

## About Zebra

With the unparalleled visibility Zebra (NASDAQ: ZBRA) provides, enterprises become as smart and connected as the world we live in. Real-time information - gleaned from visionary solutions including hardware, software and services - give organizations the competitive edge they need to simplify operations, know more about their businesses and customers, and empower their mobile workers to succeed in today's data-centric world. For more information, visit [www.zebra.com](http://www.zebra.com). Follow us on **LinkedIn**, **Twitter** and **Facebook**.

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