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

Form 10-K

(Mark One)

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

For the fiscal year ended July 2, 2000

OR

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

For the transition period from to .

Commission file number 333-71921

Extreme Networks, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0430270
(I.R.S. Employer Identification No.)

3585 Monroe Street
Santa Clara, California
(Address of principal executive offices)

95051
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Common stock, \$.001 par value

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to the
best of the Registrant's knowledge, in definitive proxy or information
statements incorporated by reference to Part III of this Form 10-K or any
amendment to this Form 10-K.

The aggregate market value of voting stock held by non-affiliates of the
Registrant was approximately \$9,892,125,000 as of September 15, 2000, based upon
the closing price on the Nasdaq National Market reported for such date. This
calculation does not reflect a determination that certain persons are affiliates
of the Registrant for any other purpose.

109,912,500 shares of the Registrant's Common stock, \$.001 par value, were outstanding September 15, 2000.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10 (as to directors), 11,12 and 13 of Part III incorporate by reference information from the Registrant's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the Registrant's 2000 Annual Meeting of Stockholders.

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PART I

Item 1. Business.

When used in this Report, the words "may," "should," "believes," "expects," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements. Such statements, which include statements concerning the availability and functionality of products under development, product mix, pricing trends, the mix of export sales, sales to significant customers and the availability and cost of products from the Company's suppliers, are subject to risks and uncertainties, including those set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Factors That May Affect Our Results." Our actual results could differ materially from those projected in these forward-looking statements which could have a material adverse effect on our business, operating results and financial condition. These forward-looking statements speak only as of the date hereof and there may be events in the future that we are not able to predict accurately or over which we have no control.

Overview

Extreme Networks, Inc. ("Extreme" or "the Company") is a leading provider of broadband ethernet networking solutions for the Internet economy. The key advantages of our ethernet switching solutions are increased performance, the ability to easily grow, or "scale," in size as customer needs change, flexible allocation of network resources, ease of use and lower cost of ownership. These advantages are obtained through the use of custom semiconductors, known as ASICs, in our products and through designs that are common and uniform across our product line. The routing of network traffic, a function referred to as Layer 3 switching, is done primarily with ASICs in our products, and consequently, is faster than the software implementations used in many competing products. Traditional Layer 3 products rely primarily on software which can slow traffic speeds below those which could otherwise be achieved and result in message packets being lost when network traffic is high. Our products incorporate an ASIC-based, wire-speed architecture and are designed to avoid the loss of message packets in the switch, or "non-blocking." As a result, our products are less expensive than software-based routers, yet offer improved performance throughout the network.

Industry Background

Businesses and other organizations have become increasingly dependent on the internet as their central communications infrastructure to provide connectivity for internal and external communications. New mission-critical computing applications, such as enterprise resource planning, large enterprise databases and sophisticated on-line connections with vendors, as well as the increased use of traditional applications, such as e-mail, require significant information technology resources. The emergence of the desktop browser as a user interface has enabled bandwidth-intensive applications that contain voice, video and graphics to be used extensively through intranets and externally through extranets. These new applications, combined with the growth in business-to-business e-commerce and other on-line transactions, mobile communications and application service providers for example, are further burdening the network infrastructure.

Today's Networking Environments

LANs. LANs have traditionally been designed for client/server applications, where traffic patterns were predictable and traffic loads are relatively stable. In this environment, the majority of traffic remained within a given workgroup, with only a small percentage traveling across the high traffic portion of a LAN which interconnects all or a large part of the LAN. The increased use of data-intensive, mission-critical applications, the widespread implementations of intranets and extranets, and the ubiquity of Internet technologies have created unpredictable traffic patterns, and unpredictable traffic loads within the LAN. In addition, as users utilize the desktop browser and Internet technologies to access significant amounts of information from servers located inside and outside of the organization, a much higher percentage of traffic crosses the enterprise LAN backbone. For example, an employee can make a simple request that may require data to be downloaded and analyzed from multiple data warehouses outside his or her local workgroup, resulting in increased traffic across the LAN. Similarly, multiple users could request a multimedia presentation from a company intranet or from the Internet consuming tremendous amounts of network capacity. Either of these situations could result in users overwhelming a company's enterprise LAN unknowingly. As a result, the increased traffic, bandwidth-intensive applications and unpredictable traffic patterns are straining traditional LAN environments and reducing the performance of mission-critical applications.

Early LANs supported limited numbers of users and used a variety of protocols to organize the transmission of data, including Ethernet, Token Ring or AppleTalk technologies. As the number of users and the amount of traffic on a network grew, network performance began to decline. In this shared environment, each desktop received and was burdened by the communication of every other desktop. The need to improve network performance was initially addressed by adding network devices known as bridges or hubs

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that separated the entire LAN into smaller workgroups. This arrangement was effective in supporting the traditional client/server environment where the majority of traffic remained within the workgroup. As applications became more bandwidth-intensive and users increasingly communicated outside of their workgroup, bridges and hubs were unable to process this traffic effectively. To mitigate this problem, Layer 2 switches were developed to provide a dedicated link for each desktop and eliminate the unnecessary flow of information to every desktop. In addition to the evolution of new devices, the need for increased backbone speeds led to the development of new and faster technologies such as FDDI, Fast Ethernet and ATM. However, each of these technologies employs different protocols, further complicating the LAN by requiring software-based routers that use expensive CPUs and software tables to route this multi-protocol traffic. Today, it is not uncommon to find multiple protocols and devices across the enterprise network.

A network must be scalable in the following four dimensions:

Speed. Speed refers to the number of bits per second that can be transmitted across the network. Today's network applications increasingly require speeds of up to 100 Mbps to the desktop. Hence, the backbone and server connections that aggregate traffic from desktops require speeds well in excess of 100 Mbps. Wire speed refers to the ability of a network device to process an incoming data stream at the highest possible rate without loss of packets. Wire speed routing refers to the ability to perform Layer 3 switching at the maximum possible rate.

Bandwidth. Bandwidth refers to the volume of traffic that a network or a network device can handle before traffic is "blocked," or unable to get through without interruption. When traffic was more predictable, the amount of traffic across a network link or through a network device grew basically in line with the number of users on the network. With today's data-intensive applications accessed in random patterns from within and outside of the network, users can spike traffic unpredictably, consuming significant bandwidth to the detriment of other users.

Network size. Network size refers to the number of users and servers that are connected to a network. Today's networks must be capable of connecting and supporting up to thousands, and even tens of thousands, of users and servers while providing performance and reliable connectivity.

Quality of service. Quality of service refers to the ability to control the delivery of traffic based upon its level of importance. Mission-critical enterprise and delay-sensitive multimedia applications require specific performance minimums, while traffic such as general e-mail and Internet surfing may not be as critical. In addition to basic standards-based prioritization of traffic according to importance, true end-to-end quality of service would allocate bandwidth to specified applications.

Opportunity for Next Generation Switching Solutions

The emergence of several technology trends is enabling a new generation of networking equipment that can meet the four scalability dimensions of today's enterprise ISPs and metropolitan area networks by accommodating new unpredictable traffic patterns and bandwidth-intensive, mission-critical applications. First, while many new and different technologies have been deployed in existing LANs, Ethernet has become the predominant LAN technology, with over 97% of the market in 1999 and total shipments of over 490 million ports from 1991 to 1999, according to the Dell'Oro Group. Ethernet has evolved from the original 10 Mbps Ethernet to 100 Mbps Fast Ethernet and, in 1998, to 1,000 Mbps Gigabit Ethernet. Today, Gigabit ethernet and 10 gigabit ethernet represent a viable network backbone protocol, enabling broadband connections to be aggregated for network backbone transport across the metropolitan core. Second, growth of the Internet and the subsequent development of application based on Internet technologies have increased the use of the Internet Protocol.

With the wide acceptance of Ethernet and Internet Protocol-based technologies, the need to support a multi-protocol environment is diminished. As a result, the simplified routing functionality can be embedded in application specific integrated circuits, or ASICs, instead of in the software and CPUs used in multi-protocol software-based routers. The resulting device, called a Layer 3 switch,

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functions as a less expensive and significantly faster hardware-based router. Layer 3 switches can operate at multi-gigabit speeds and, as hardware routers, can support large networks. However, most Layer 3 switches still block traffic in high utilization scenarios and can only support standards-based traffic prioritization quality of service. While Layer 3 switching dramatically increases network performance, many of today's offerings fail to realize the potential of this technology because of the use of inconsistent hardware, software and management architectures.

To effectively address the needs of today's enterprise ISPs and metro area networks, customers need a solution that is easy to use and implement and can scale in terms of speed, bandwidth, network size and quality of service. Layer 3 switching represents the next critical step in addressing these requirements. However, customers need a Layer 3 solution that provides sufficient bandwidth to support unpredictable traffic spikes without impacting all other users connected to the network. In addition, customers require a quality of service solution that supports industry-standard prioritization and enables network administrators to offer quality of service that maps business processes and network policies. Finally, to simplify their networks, customers need a family of interoperable devices that utilize a consistent hardware, software and management architecture. Through an integrated family of products, network managers can effectively deploy the solution at any point in the network and follow a migration path to a network implemented with a consistent architecture from end-to-end.

The Extreme Networks Solution

Extreme provides broadband ethernet networking solutions that meet the requirements of enterprise, ISPs and Metropolitan Area Networks by providing increased performance, scalability, policy-based quality of service, ease of use and lower cost of ownership. Our products share a common ASIC, software and network management architecture that enables Layer 3 switching at wire speed in each major area of the network. In addition, these products can be utilized by ISPs and content providers for their web-hosting and server co-location operations. Because our products are based on industry standard routing and network management protocols, they are interoperable with existing network infrastructures. We offer policy-based quality of service that controls the delivery of network traffic according to pre-set policies that specify priority and bandwidth limits. All of our switches allow the switch to be managed from any browser-equipped desktop.

The key benefits of Extreme's solutions are:

High performance. Our products provide Broadband and IP services Ethernet together with the non-blocking, wire-speed routing of our ASIC-based Layer 3 switching. Using our products, customers can achieve forwarding rates that are up to 100 times faster than with software-based routers.

Ease of use and implementation. Our products share a common ASIC, software and network management architecture and offer consistent features for each of the key areas of the network. Our standard-based products can be integrated into and installed within existing networks. Customers can upgrade with Extreme products without needing additional training. ExtremeWare software simplifies network management by enabling customers to manage any of our products remotely through a browser interface.

Scalability. Our solutions offer customers the speed and bandwidth they need today with the capability to scale their networks to support demanding applications in the future without the burden of additional training or software or system complexity. Customers who purchase our products can upgrade them to advanced Layer 3 and Layer 4-7 capability because this functionality is built into our ASICs.

Quality of service. Extreme's policy-based quality of service enables customers to prioritize mission-critical applications by providing industry-leading tools for allocating network resources to specific applications. With our policy-based quality of service, customers can use a web-based interface to identify and control the delivery of traffic from specific applications in accordance with specific policies that are set by the customer. The quality of service functionality of our ASICs allows our policy-based quality of service to be performed at wire speed. In addition to providing priority, customers can allocate specified amounts of bandwidth to specific applications or users.

Lower cost of ownership. Our products are less expensive than software-based routers, yet offer higher routing performance. Because they share a common hardware, software and management architecture, we believe our products can substantially reduce the cost and complexity of network management and administration. This uniform architecture creates a simpler network infrastructure which leverages the knowledge and resources businesses have invested in Ethernet and the Internet Protocol, thereby requiring fewer resources and less time to maintain.

The Extreme Networks Strategy

Extreme's objective is to be the leading supplier of end-to-end network solutions. The key elements of our strategy include:

Provide easy to use, high-performance, cost-effective switching solutions. We offer customers easy to use, powerful, cost-effective switching solutions that meet the specific demands of switching environments in enterprise LANs, ISPs and content providers. Our products provide customers with 1,000 Mbps Gigabit Ethernet and the wire speed, non-blocking routing capabilities of ASIC-based Layer 3 switching. We intend to capitalize on our expertise in Ethernet, Internet protocol ("IP") and switching technologies to develop new products based on our common architecture that meet the future requirements of enterprise LANs, ISPs and content providers. These products will offer higher

performance with more advanced functionality and features while continuing to reduce total cost of ownership for our customers.

Expand market penetration. We are focused on product sales to new customers across market segments, including ISPs, content providers and metropolitan area networks, or MANs, and on extending our product penetration within existing customers' networks. Once a customer buys our products for one area of their network, our strategy is to then offer that customer products for other areas. As additional products are purchased, a customer obtains the increased benefits of our end-to-end solution by simplifying their networks, extending policy-based quality of service and reducing costs of ownership while increasing performance.

Extend switching technology leadership. Our technological leadership is based on our custom ASICs and software and includes our wire-speed, Layer 3 switching, policy-based quality of service, routing protocols and ExtremeWare software. We intend to invest our engineering resources in ASIC and other development areas and provide leading edge technologies to increase the performance and functionality of our products. We also intend to maintain our active role in industry standards committees such as IEEE and IETF.

Leverage and expand multiple distribution channels. We distribute our products primarily through resellers and selected OEMs and through our field sales team. To quickly reach a broad, worldwide audience, we have more than 250 resellers in 50 countries, including regional networking system resellers, network integrators and wholesale distributors, and have established relationships with select OEMs. We maintain a field sales force primarily to support our resellers and to focus on select strategic and large accounts. We intend to increase the size of our reseller programs and are developing two tier distribution channels in some regions. To complement and support our domestic and international reseller and OEM channels, we expect to increase our worldwide field sales force.

Provide high-quality customer service and support. We seek to enhance customer satisfaction and build customer loyalty through the quality of our service and support. We offer a wide range of standard support programs that include emergency telephone support 24 hours a day, seven days a week and advanced replacement of products. In addition, we have designed our products to allow easy service and administration. For example, we can access all of our switches remotely through a standard web browser to configure, troubleshoot and help maintain our products. We intend to continue to enhance the ease of use of our products and invest in additional support services by increasing staffing and adding new programs for our OEMs and resellers. In addition, we also are committed to providing customer-driven product functionality through feedback from key prospects, consultants, channel and OEM partners and customer surveys.

Products

Extreme provides broadband networking solutions that meet the requirements of enterprise, ISPs and IP carrier and Metropolitan Area Networks by providing increased performance, scalability, policy-based quality of service, ease of use and lower cost of ownership. Our Summit, BlackDiamond and Alpine switches share a common ASIC, software and management architecture that facilitates a relatively short product design and development cycle, thereby reducing the time-to-market for new products and features. This common architecture enables customers to build a broadband networking solution that has consistent functionality, performance and management. The common architecture and end-to-end functionality of our products also reduces the cost and complexity of network administration and management.

The following table identifies our principal hardware and software products:

Product name and date of first shipment	Configuration / Description	Product name and date of first shipment	Configuration / Description
The Summit Stackable product family		The BlackDiamond Modular Chassis	
Summit-based products:		BlackDiamond 6808	Up to 576 10/100 Mbps
Summit4	16 10/100 Mbps	September 1998	Ethernet ports or 96
March 1998	Ethernet ports and 6 Gigabit Ethernet ports		Gigabit Ethernet ports in one chassis
Summit24	24 10/100 Mbps		10 slots to accommodate

November 1998	Ethernet ports and 1 Gigabit Ethernet ports		a variety of up to 8 connectivity modules and 1 or 2 management modules
Summit48 April 1998	48 10/100 Mbps Ethernet ports and 2 Gigabit Ethernet ports	The Alpine Chassis ----- Alpine 3808 April 2000	Up to 256 10/100 Mbps Ethernet ports or 32 Gigabit Ethernet ports in one chassis
Inferno-based products:			
Summit11 September 2000	8 Gigabit Ethernet ports		9 slots to accommodate a variety of up to 8 connectivity modules and 1 management module
Summit5i September 2000	16 Gigabit Ethernet ports		
Summit7i December 1999	32 Gigabit Ethernet ports	Software ----- ExtremeWare September 1997	Software suite that has standard protocols, web-based configuration and Policy-Based Quality of Service
		ExtremeWare Enterprise Manager August 1998	An integrated management application suite that protects the delivery of provisioned services and applications

Summit Stackable Products

Products in the Summit family of switches are designed to meet the demanding requirements emerging in intranet and Internet applications. All Summit switches share a common non-blocking switch architecture that provides scalability in four areas: speed, bandwidth, network size and quality of service (QoS). The Summit product family supports a range of gigabit and 10/100 Mbps aggregation for enterprise desktops and servers, large Internet data centers, and broadband points of presence ("POP") in metropolitan area networks and multi-tenant buildings.

The enterprise desktop is the portion of the network where individual end-user workstations are connected to a hub or switch. In this shared environment, each desktop in the workgroup receives and is burdened by the communication of every other desktop in the workgroup. As applications have become more bandwidth intensive and as user traffic has migrated outside the workgroup via the Internet or an intranet or extranet, the hubs are unable to effectively process this traffic, resulting in diminished desktop performance. Replacing the hub with a Layer 3 switch alleviates this problem by providing a dedicated link for each desktop and eliminating unnecessary broadcasts of information to every desktop in the workgroup. Enterprise desktop switching provides the desktop with features typically found only at the network core, such as redundancy, greater speed and the ability to aggregate multiple switch ports into a single high-bandwidth connection. Extreme became an industry leader in Layer 3 switching for the desktop with the introduction of our Summit48 and Summit24 desktop switching products. The Summit48 addresses high-density enterprise desktop connections. This switch features a non-blocking architecture to avoid the loss of data packets. The Summit24, with half the number of ports of the Summit48, is targeted at local wiring closets with moderately dense desktop connections.

Servers run the applications and store the data needed by all network end-users. The traditional network architecture has been shifting toward more centralized server clusters, or server farms, which require the physical deployment of multiple servers in a single central data center. This new architecture is easier to manage and can be configured in a redundant fashion, thereby reducing the risk of

system failure. Additionally, remote offices and telecommuters can access the same server-based data as desktop users, increasing the flexibility of the network to support users wherever they may be located. As more people access the network and as server requests increasingly involve more bandwidth-intensive applications, network traffic to and from servers has increased dramatically, causing bandwidth to be consumed by traffic. Servers also communicate with each other, creating a high volume of server-to-server traffic within the server farm. Recent technology developments allow enterprises to install network interface cards that enable connections using Gigabit Ethernet or the aggregation of multiple 100 Mbps ports on a single card. This development increases the communication speed of the servers. In turn, these servers have

created the need for switches that can support their higher server-to-server and server-to-end-user communications speeds. Our Summit4 product addresses server switching constraints by providing switched Gigabit Ethernet and multiple 100 Mbps links to the servers, thereby delivering sufficient bandwidth between servers and to clients on attached segments. In server farms and data centers, the Summit7i maximizes server availability and performance by combining server load-balancing with wire-speed switching.

As metropolitan area networks evolve to handle more data rather than voice, the POP must also progress from serving as a simple transport device to an application services tool. Today's broadband POPs are moving closer to the customer and need to offer services density and scalability without re-engineering discreet narrowband technologies. There is a growing need for consistent scalable services in the multi-tenant market, which according to Cahner's InStat Group will reach \$2 billion by 2004. The new Summitli and Summit5i Gigabit Ethernet switching systems eliminate the limitations associated with multiple narrowband aggregation technologies traditionally used in metropolitan POPs.

BlackDiamond Modular Chassis

The BlackDiamond modular chassis delivers scalability, redundancy and high reliability for core switching in high-density Ethernet/IP enterprise and service provider networks. The BlackDiamond switch includes the fault-tolerant features associated with mission-critical enterprise-class Layer 3 switching, including redundant system management and switch fabric modules, hot-swappable modules and chassis components, load-sharing power supplies and management modules, up to eight 10 Mbps, 100 Mbps, or 1,000 Mbps aggregated links, dual software images and system configurations, spanning tree and multipath routing, and redundant router protocols for enhanced system reliability.

The network core is the most critical point in the network, as it is where the majority of network traffic, including desktop, segment and server traffic, converges. Network core switching involves switching traffic from the desktops, segments and servers within the network. Because of the high-traffic nature of the network core, wire-speed Layer 3 switching, scalability, a non-blocking hardware architecture, fault-tolerant mission-critical features, redundancy, link aggregation, the ability to support a variety of high-density "speeds and feeds" and the ability to accommodate an increasing number of high-capacity backbone connections are critical in core switching.

Alpine Chassis

The Alpine 3808 chassis switch provides a simpler, more resilient broadband infrastructure for metropolitan area networks ("MANs"), service provider data centers, multi-tenant buildings and enterprise wiring closets. The Alpine 3808 is the industry's first broadband provisioning switch based on Ethernet and IP that enables MANs and carriers to deliver more infrastructure bandwidth, slice and dice that bandwidth for optimal usage, and guarantee fixed latency for delay-sensitive services such as video and voice.

ExtremeWare

The ExtremeWare software suite combines industry-standard protocols to provide interoperability with legacy switches and routers, plus Policy-Based Quality of Service (QoS) for bandwidth management and traffic prioritization in today's networks. With ExtremeWare, QoS policies are easy to define and assign to traffic groups. The range of QoS profiles includes minimum bandwidth, maximum bandwidth and relative priority. These QoS profiles are key to optimizing bandwidth management effectiveness. Our policy-based quality of service also enables network managers to define numerous levels of control, or policies, that determine the amount of bandwidth available to a group of users or network devices at a given time.

ExtremeWare Enterprise Manager

ExtremeWare Enterprise Manager is a value-added application suite that makes it easier to perform configuration, troubleshooting and status monitoring, and deploy multi-vendor policy-based management. ExtremeWare Enterprise Manager offers a comprehensive

Java-enabled web browser. ExtremeWare Enterprise Manager simplifies the task of managing and configuring groups of our switches. With ExtremeWare Enterprise Manager, an entire network of our switches can be managed from a single management console using a standard web browser.

ExtremeWare ServiceWatch

In August 2000 Extreme announced ExtremeWare ServiceWatch. This software is designed to help businesses avoid costly downtime and help to ensure that network services remain up and performing at peak levels. Just like the telephone dial tone that indicates the availability and quality of voice services, ServiceWatch delivers application dial tone to facilitate "always-on" Layer 7 network services. It monitors and manages the response time of mission-critical services such as e-mail, e-commerce and file transfer activities. If response time starts to degrade, ServiceWatch can be configured to notify the network manager to take corrective action before a problem occurs. ServiceWatch is also used as a bandwidth-capacity planning tool and can help track ISP service level agreements (SLAs) using historical reporting and graphing of service availability and response time.

Sales, Marketing and Distribution

Extreme's sales and marketing strategy is focused on domestic and international resellers, distributors, OEMs and field sales.

Resellers. We have entered into agreements to sell our products through more than 250 resellers in 50 countries. Our resellers include regional networking system resellers, resellers who focus on specific vertical markets, network integrators and wholesale distributors. We provide training and support to our resellers and our resellers generally provide the first level of support to end users of our products. We intend to increase the number of our reseller relationships, to target vertical markets and support a two-tier distribution channel.

OEMs. We have established several key OEM relationships with leaders in the telecommunications, personal computer and computer networking industries. We intend to maintain a limited number of relationships with key strategic OEMs who may offer products or distribution channels that compliment ours. Each of our OEMs resells our products under its own name. We believe that our OEM relationships enhance our ability to sell and provide support to large organizations because certain end-user organizations may prefer to do business with very large suppliers. We anticipate that OEM sales will decline as a percentage of net revenue as we expand our reseller and field sales efforts.

Field sales. We have designed and established our field sales organization to support and develop leads for our resellers and to establish and maintain a limited number of key accounts and strategic customers. To support these objectives, our field sales force:

- . assists end-user customers in finding solutions to complex network system and architecture problems;
- . differentiates the features and capabilities of our products from competitive offerings;
- . continually monitors and understands the evolving networking needs of enterprise customers;
- . promotes our products and ensures direct contact with current and potential customers; and
- . monitors the changing requirements of our customers.

As of June 30, 2000, Extreme's worldwide sales and marketing organization included 376 individuals, including managers, sales representatives, and technical and administrative support personnel. We have domestic sales offices located in major metropolitan areas in Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Illinois, Kansas, Massachusetts, Maryland, Michigan, North Carolina, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas, Washington and Wisconsin. In addition, we have international sales offices located in Argentina, Australia, Brazil, Chile, Columbia, France, Germany, Hong Kong, Italy, Japan, Korea, The Netherlands, Sweden and United Kingdom.

International sales

We believe that there is a strong international market for our switching products. Our international sales are conducted primarily through our overseas offices and foreign resellers. Sales to customers outside of North America accounted for approximately 45% of our net revenue in fiscal 2000.

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Marketing

We have a number of marketing programs to support the sale and distribution of our products and to inform existing and potential customers and our resellers, distributors and OEMs about the capabilities and benefits of our products. Our marketing efforts include participation in industry tradeshows, technical conferences and technology seminars, preparation of competitive analyses, sales training, publication of technical and educational articles in industry journals, maintenance of our web site, advertising and public relations. In addition, we have begun to develop an e-commerce business directed at resellers. We also participate in third-party, independent product tests.

Customer Support and Service

Our customer service and support organization maintains and supports products sold by our field sales force to end users, and provides technical support to our resellers and OEMs. Generally, our resellers and OEMs provide installation, maintenance and support services to their customers and we assist our resellers and OEMs in providing such support.

In addition to designing custom maintenance programs to satisfy specific customer requirements, we also offer several standard maintenance programs to our resellers and customers, including ExtremeAssist Basic, ExtremeAssist1, ExtremeAssist2, ExtremeAssist Premium and ExtremeAssist Elite.

ExtremeAssist Basic. This program is designed for customers who are interested in keeping service and support costs to a minimum but want access to basic support services. Basic service includes access to Extreme's web-accessible knowledge database and software upgrades and bug fixes. The ExtremeAssist program includes eight-hour, five-day technical assistance center telephone support, e-mail inquiries and responses within 24 hours and rapid-response emergency/network down telephone support 24 hours a day, 7 days a week.

ExtremeAssist1. This program is designed for customers who have strong technical networking skills and are interested in keeping service and support costs to a minimum. With ExtremeAssist1, the customers' information technology organizations provide first-level support for configuration, hardware and trouble shooting, while Extreme's technical assistance center provides advanced second-level support on an essential need basis. The ExtremeAssist1 program includes all the features in ExtremeAssist Basic plus 48-hour advanced replacement of hardware.

ExtremeAssist2. This program is designed for network environments that require a high degree of network availability, data integrity and end-user productivity. The ExtremeAssist2 program includes all the features in ExtremeAssist1 plus twelve-hour, five-day technical assistance center telephone support and next business day replacement of hardware.

As switched broadband infrastructures become more vital to a company's ability to compete, networks are doing much more than just sharing and distributing information. Networks have become the brains of day-to-day business operations and are the key to reducing time to market and sharpening a company's competitive edge. Extreme recognizes the critical nature of the switched broadband infrastructure in today's business environment and the ever-expanding demands that will be put on networks in the future. To meet these needs, Extreme has developed a series of comprehensive on-site support plans to fit the needs of the most demanding network environments.

ExtremeAssist Premium. ExtremeAssist Premium is designed to meet and exceed all the essential requirements of supporting and maintaining enterprise LANs. Ideal for mission-critical network environments that require a high degree of network availability, data integrity and end-user productivity. The ExtremeAssist Premium plan includes faster on-site service and spares. The ExtremeAssist Premium program includes all the features in ExtremeAssist2 plus 24 hours a day, 7 days a week on-site emergency network down assistance within 4

hours.

ExtremeAssist Elite. ExtremeAssist Elite is Extreme's most comprehensive support plan for mission-critical switched broadband networks. Elite is limited to the top 20% of Extreme's customer base to ensure a very individualized, flexible and focused approach to providing Elite support services. ExtremeWorks Elite adds dedicated level 3 technical support engineers and our fastest on-site service and spares response time.

We typically provide end users with a one-year hardware and 90-day software warranty. We also offer various training courses for their third-party resellers or end-user customers.

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Manufacturing

We outsource the majority of our manufacturing and supply chain management operations, and we conduct quality assurance, manufacturing engineering, documentation control and repairs at our facility in Santa Clara, California. This approach enables us to reduce fixed costs and to provide flexibility in meeting market demand. Where cost-effective, we may begin to perform certain of our non-manufacturing outsourced operations in-house.

Currently, we use three contract manufacturers--Flextronics, located in San Jose, California, to manufacture our Summit1, Summit4, Summit RPS and BlackDiamond products, MCMS, located in Boise, Idaho, to manufacture our Summit24, Summit48, Summit1i, Summit5i and Summit7i products and Solecron, located in Milpitas, California, to manufacture our Alpine products. Each of these manufacturing processes and procedures is ISO 9002 certified. We design and develop the key components of our products, including ASICs and printed circuit boards. In addition, we determine the components that are incorporated in our products and select the appropriate suppliers of such components. Product testing and burn-in is performed by our contract manufacturers using tests we specify and automated testing equipment. We also use comprehensive inspection testing and statistical process controls to assure the quality and reliability of our products. We intend to regularly introduce new products and product enhancements, which will require that we rapidly achieve volume production by coordinating our efforts with those of our suppliers and contract manufacturers. See "Factors That May Affect Our Results--Extreme Needs to Expand Its Manufacturing Operations and Depends on Contract Manufacturers for Substantially All of Its Manufacturing Requirements."

Although we use standard parts and components for our products where possible, we currently purchase several key components used in the manufacture of our products from single or limited sources. Our principal single-sourced components include:

- . ASICs;
- . microprocessors;
- . programmable integrated circuits;
- . selected other integrated circuits;
- . cables; and
- . custom-tooled sheet metal.

Our principal limited-source components include:

- . flash memories;
- . DRAMs;
- . SRAMs; and
- . printed circuit boards.

Generally, purchase commitments with our single or limited source suppliers are on a purchase order basis. LSI Logic manufacturers all of our ASICs which are used in all of our switches. Any interruption or delay in the supply of any of these components, or the inability to procure these components from alternate sources at acceptable prices and within a reasonable time, would materially adversely affect our business, operating results and financial condition. In addition, qualifying additional suppliers can be time-consuming and expensive and may increase the likelihood of errors.

We use a rolling nine-month forecast based on anticipated product orders to determine our material requirements. Lead times for materials and components we order vary significantly, and depend on factors such as the specific supplier,

contract terms and demand for a component at a given time. See "Factors That May Affect Our Results--Extreme Purchases Several Key Components for Products From Single or Limited Sources and Could Lose Sales if These Sources Fail to Fill Its Needs" and "--Extreme Needs To Expand Its Manufacturing Operations and Depends on Contract Manufacturers for Substantially All of Its Manufacturing Requirements."

Research and Development

We believe that our future success depends on our ability to continue to enhance our existing products and to develop new products that maintain technological competitiveness. We focus our product development activities on solving the needs of enterprise, service providers and IP carrier and Metropolitan Area Network markets. We monitor changing customer needs and work closely with

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users, value-added resellers and distributors, and market research organizations to monitor changes in the marketplace. We design our products around current industry standards and will continue to support emerging standards that are consistent with our product strategy.

Our products have been designed to incorporate the same core ASICs and software and system architecture, facilitating a relatively short product design and development cycle and reducing the time to market for new products and features. We have utilized this architectural design to develop and introduce other product models and enhancements since the introduction of our first products in 1997. We intend to continue to utilize this architectural design to develop and introduce additional products and enhancements in the future.

We are undertaking development efforts for our family of products with emphasis on increasing reliability, performance and scalability and reducing the overall network operating costs to end users. This fiscal year we introduced a new generation chipset which was incorporated in a new product family which began shipping in the quarter ended December 31. We are also focusing on cost reduction engineering to reduce the cost of our products. There can be no assurance that our product development efforts will result in commercially successful products, or that our products will not be rendered obsolete by changing technology or new product announcements by other companies. See "Factors That May Affect Our Results--Extreme's Market is Subject to Rapid Technological Change and to Compete, Extreme Must Continually Introduce New Products that Achieve Broad Market Acceptance."

Competition

The market for internet switches is part of the broader market for networking equipment, which is dominated by a few large companies, particularly Cabletron Systems, Cisco Systems, Lucent Technologies and Nortel Networks. Each of these companies has introduced, or has announced its intention to develop, switches that are or may be competitive with our products. For example, in January 1999, Cisco announced its Catalyst 6000 family of chassis-based switches. In addition, there are a number of large telecommunications equipment providers, including Alcatel, Ericsson, Nokia, and Siemens, which have entered the market for network equipment, particularly through acquisitions of public and privately held companies. We expect to face increased competition, particularly price competition, from these and other telecommunications equipment providers. We also expect to compete with other public and private companies that offer switching solutions, such as Alteon Web Systems and Foundry Networks. These vendors may develop products with functionality similar to our products or provide alternative network solutions. Our OEMs may compete with us with their current products or products they may develop, and with the products they purchase from us. Current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to develop and offer competitive products. Furthermore, we compete with numerous companies that offer routers and other technologies and devices that traditionally have managed the flow of traffic on the enterprise or metropolitan area networks.

Many of our current and potential competitors have longer operating histories and substantially greater financial, technical, sales, marketing and other resources, as well as greater name recognition and a larger installed customer base, than we do. As a result, these competitors are able to devote greater resources to the development, promotion, sale and support of their

products. In addition, competitors with a large installed customer base may have a significant competitive advantage over us. We have encountered, and expect to continue to encounter, many potential customers who are extremely confident in and committed to the product offerings of our principal competitors, including Cisco Systems and Nortel Networks. Accordingly, such potential customers may not consider or evaluate our products. When such potential customers have considered or evaluated our products, we have in the past lost, and expect in the future to lose, sales to some of these customers as large competitors have offered significant price discounts to secure such sales.

We believe the principal competitive factors in the network switching market are:

- . expertise and familiarity with network protocols, network switching and network management;
- . product performance, features, functionality and reliability;
- . price/performance characteristics;
- . timeliness of new product introductions;
- . adoption of emerging industry standards;
- . customer service and support;
- . size and scope of distribution network;

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- . brand name;
- . access to customers; and
- . size of installed customer base.

We believe we compete favorably with our competitors with respect to each of the foregoing factors. However, because many of our existing and potential competitors have longer operating histories, greater name recognition, larger customer bases and substantially greater financial, technical, sales, marketing and other resources, they may have larger distribution channels, stronger brand names, access to more customers and a larger installed customer base than we do. Such competitors may, among other things, be able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to distribution partners than we can. To remain competitive, we believe we must, among other things, invest significant resources in developing new products and enhancing our current products and maintain customer satisfaction worldwide. If we fail to do so, our products will not compete favorably with those of our competitors which will materially adversely affect our business. See "Factors That May Affect Our Results--Intense Competition in the Market for Networking Equipment Could Prevent Extreme From Increasing Revenue and Prevent Extreme From Achieving or Sustaining Profitability."

Intellectual Property

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. We have been issued six patents in the U.S. We have filed eight patent applications in the U.S. and selected countries abroad relating to the architecture of our network switches and quality of service features. There can be no assurance that these applications will be approved, that any issued patents will protect our intellectual property or that they will not be challenged by third parties. Furthermore, there can be no assurance that others will not independently develop similar or competing technology or design around any patents that may be issued. We also have five registered trademarks and four pending trademark applications in the U.S.

We also enter into confidentiality or license agreements with our employees, consultants and corporate partners, and control access to and distribution of our software, documentation and other proprietary information. In addition, we provide our software products to end-users primarily under "shrink-wrap" license agreements included within the packaged software. These agreements are not negotiated with or signed by the licensee, and thus these agreements may not be enforceable in some jurisdictions. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. There can be no assurance that these precautions will prevent misappropriation or infringement of our intellectual property. Monitoring unauthorized use of our products is difficult, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States.

The networking industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in the data communications and networking markets have extensive patent portfolios with respect to networking technology. From time to time, third parties, including these leading companies, have asserted and may assert exclusive patent, copyright, trademark and other intellectual property rights against us. Indeed, a number of third parties, including leading companies, have asserted patent rights to technologies and related standards that are important to us. We expect to increasingly be subject to infringement claims asserted by third parties as the numbers of products and competitors in the market for network switches grow and the functionality of products overlaps. In this regard, since April, 2000, we have been in communication with one of these leading companies that believes certain of our products require a license under a number of their patents. The third party is willing to grant us a non-exclusive license under the identified patents as well as other patents or technology that we may require. We currently are reviewing the identified patents to examine whether we consider a license necessary. However, there can be no assurance that this license would be obtainable on commercially acceptable terms.

Although we have not been a party to any litigation asserting claims that allege infringement of intellectual property rights, we cannot assure you that we will not be a party to litigation in the future. In addition, we cannot assure you that third parties will not assert additional claims or initiate litigation against us or our manufacturers, suppliers or customers alleging infringement of their proprietary rights with respect to existing or future products.

We may in the future initiate claims or litigation against third parties for infringement of our proprietary rights to determine the

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scope and validity of our proprietary rights. Any such claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel or require us to develop non-infringing technology or enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on acceptable terms, if at all. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or license the proprietary rights on a timely basis, our business, operating results and financial condition could be materially adversely affected.

Employees

As of June 30, 2000, we employed 680 persons, including 376 in sales and marketing, 110 in research and development, 67 in operations, 65 in technical support and 62 in finance and administration. We have never had a work stoppage and no personnel are represented under collective bargaining agreements. We consider our employee relations to be good.

We believe that our future success will depend on our continued ability to attract, integrate, retain, train and motivate highly qualified personnel, and upon the continued service of our senior management and key personnel. None of our personnel is bound by an employment agreement. Competition for qualified personnel is intense, particularly in the San Francisco Bay Area, where our headquarters is located. At times we have experienced difficulties in attracting new personnel. There can be no assurance that we will successfully attract, integrate, retain and motivate a sufficient number of qualified personnel to conduct our business in the future. See "Factors That May Affect Our Results--If Extreme Losses Key Personnel or is Unable to Hire Additional Qualified Personnel as Necessary, It May Not Be Able to Successfully Manage Its Business or Achieve Its Objectives."

Item 2. Properties.

Our principal administrative, sales, marketing and research development facilities are located in an approximately 77,000 square feet facility located in Santa Clara, California. In June 2000, we entered into a five-year operating lease agreement to lease 275,000 square feet in Santa Clara, California to house further physical expansion of our principal operations. We also lease office space in various other geographic locations domestically and internationally for sales and service personnel.

Item 3. Legal Proceedings.

We are not aware of any pending legal proceedings against us that, individually or in the aggregate, would have a material adverse effect on our business, operating results or financial condition. We may in the future be party to litigation arising in the course of our business, including claims that we allegedly infringe third-party trademarks and other intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Executive Officers of the Registrant

The following table sets forth information regarding the executive officers of Extreme as of August 31, 2000:

Name	Age	Position
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Gordon L. Stitt.....	44	President, Chief Executive Officer and Chairman
Stephen Haddock.....	42	Vice President and Chief Technical Officer
Herb Schneider.....	41	Vice President of Engineering
Sam Halabi.....	35	Vice President of IP Carrier Business Development
June Hull.....	45	Vice President of Human Resources
Allan G. Miller.....	48	Vice President of Manufacturing Operations
Vito E. Palermo.....	36	Vice President, Chief Financial Officer and Secretary
George Prodan.....	47	Vice President of Marketing
Harry Silverglide.....	54	Vice President of Sales

Gordon L. Stitt. Mr. Stitt co-founded Extreme in May 1996 and has served as President, Chief Executive Officer and a director of Extreme since its inception. From 1989 to 1996, Mr. Stitt worked at another company he co-founded, Network Peripherals, a designer and manufacturer of high-speed networking technology. He served first as its Vice President of Marketing, then as Vice President and General Manager of the OEM Business Unit. Mr. Stitt holds an MBA from the Haas School of Business of the University of

California, Berkeley and a BSEE/CS from Santa Clara University.

Stephen Haddock. Mr. Haddock co-founded Extreme in May 1996 and has served as Vice President and Chief Technical Officer of Extreme since its inception. From 1989 to 1996, Mr. Haddock worked as Chief Engineer at Network Peripherals. Mr. Haddock is a member of IEEE, an editor of the Gigabit Ethernet Standard and Chairman of the IEEE 802.3ad link aggregation committee. Mr. Haddock holds an MSEE and a BSME from Stanford University.

Herb Schneider. Mr. Schneider co-founded Extreme in May 1996 and has served as Vice President of Engineering of Extreme since its inception. From 1990 to 1996, Mr. Schneider worked as Engineering Manager at Network Peripherals and was responsible for the development of LAN switches. From 1981 to 1990, Mr. Schneider held various positions at National Semiconductor, a developer and manufacturer of semiconductor products, where he was involved in the development of early Ethernet chipsets and FDDI chipsets. Mr. Schneider holds a BSEE from the University of California, Davis.

Sam Halabi. Mr. Halabi has served as Vice President of IP Carrier business development of Extreme since July 2000. Prior to joining Extreme Networks, Mr. Halabi held various marketing positions with leading data communications companies, including Cisco Systems. Mr. Halabi holds a MS in Computer Science from San Jose State University and a BS in Computer Engineering from American University-Beirut.

June Hull. Ms. Hull has served as Vice President of Human Resources since September 1999. From October 1996 to August 1999, she served as Regional Director of Human Resources and Corporate Director of Human Resources at Netscape Communications, an e-commerce company. From April 1989 to September 1996, she served in a variety of senior Human Resource management positions for Apple Computer, Inc.

Allan G. Miller. Mr. Miller has served as Vice President of Manufacturing Operations of Extreme since July 2000. Prior to joining Extreme Networks, Mr. Miller spent 22 years at Amdahl Corporation. He held several senior management positions in manufacturing operations and quality assurance, the most recent was Vice President of Operations. He holds a MS in Mechanical Engineering and a MBA from the University of California at Berkeley and a BS in Mechanical Engineering from California State University, Northridge.

Vito E. Palermo. Mr. Palermo has served as Vice President, Chief Financial Officer and Secretary of Extreme since January 1999. From January 1997 to January 1999, he served as Senior Vice President, Chief Financial Officer and Secretary of Metawave Communications, a wireless communications company. From 1992 to 1996, Mr. Palermo served in various financial management positions at Bay Networks, a networking communications company, most recently serving as Vice President and Corporate Controller and previously serving as Director of Technology Finance, Corporate Financial and Planning Manager, and Manufacturing and Customer Service Controller. Mr. Palermo holds an MBA from St. Mary's College and a BS in Business Administration from California State University.

George Prodan. Mr. Prodan has served as Vice President of Marketing of Extreme since February 1997. From January 1994 to January 1997, he served as Director of Marketing and Senior Director of Worldwide Channels at FORE Systems, a networking equipment company. From April 1991 to December 1993, he served as a product line manager for a division of 3Com, a networking company. He holds an MS in Instructional Communications from Shippensburg State University and a BS in Industrial Arts Education from California State University.

Harry Silverglide. Mr. Silverglide has served as Vice President of Sales of Extreme since January 1997. 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. From April 1984 to July 1994, he worked in sales and senior sales management positions at Ungermann Bass, a network communications company.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The Company's common stock commenced trading on the Nasdaq National Market on April 9, 1999 under the symbol "EXTR." The following table sets forth the high and low closing prices as reported by Nasdaq. Such prices represent prices between dealers, do not include retail mark-ups, mark-downs or commissions and may not represent actual transactions. All prices have been adjusted to reflect a 2-for-1 stock split effected in August 2000.

Stock Prices	High	Low
	----	---
1999		
Fourth quarter (1).....	\$ 29.03	\$ 19.16
2000		
First quarter.....	\$ 42.25	\$ 22.81
Second quarter.....	\$ 49.03	\$ 30.66
Third quarter.....	\$ 59.50	\$ 38.00
Fourth quarter.....	\$ 52.75	\$ 21.44

 (1) Commencing April 9, 1999

At September 14, 2000, there were approximately 284 stockholders of record of the Company's common stock and approximately 36,000 beneficial stockholders. The Company has never declared or paid cash dividends on its capital stock and does not anticipate paying any cash dividends in the foreseeable future. The Company currently intends to retain future earnings for the development of its business.

Item 6. Selected Consolidated Financial Data.

	Years Ended June 30,			For the Period
	2000	1999	1998	from May 8,
				1996
				(Date of
				Inception)
	2000	1999	1998	June 30, 1997
(In thousands, except per share amounts)				
Consolidated Statements of Operations Data:				
Net revenue.....	\$ 261,956	\$ 98,026	\$ 23,579	\$ 256
Gross profit (loss).....	135,040	49,506	8,682	(132)
Total operating expenses.....	118,786	50,951	22,709	7,928
Operating income (loss).....	16,254	(1,445)	(14,027)	(8,060)
Net income (loss).....	20,048	(1,617)	(13,936)	(7,923)
Basic net income (loss) per share (1).....	\$ 0.20	\$ (0.09)	\$ (1.59)	\$ (2.26)
Diluted net income (loss) per share (1).....	\$ 0.18	\$ (0.09)	\$ (1.59)	\$ (2.26)
Weighted average shares outstanding used in computing basic net income (loss) per share (1).....	100,516	18,924	8,758	3,516
Weighted average shares outstanding used in computing diluted net income (loss) per share (1).....	111,168	18,924	8,758	3,516

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	As of June 30,		
	2000	1999	1998
	(In thousands)		
Consolidated Balance Sheets Data			
Cash and cash equivalents.....	\$116,721	\$107,143	\$ 9,510
Short-term investments.....	66,640	16,422	10,995
Working capital.....	205,881	119,039	13,796
Total assets.....	515,930	171,803	33,731
Long-term debt, deposit and capital lease obligations, net of current portion.....	306	--	2,634
Total stockholders' equity.....	\$419,021	\$141,876	\$ 15,869

(1) Share and per share data have been restated to give retroactive effect to a two-for-one stock split in the form of a stock dividend effected in August 2000.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

When used in this discussion and elsewhere in this Form 10-K, the words "may," "should," "believes," "expects," "anticipates," "estimates" and similar expressions identify forward-looking statements. Such statements, which include statements concerning the availability and functionality of products under development, product mix, pricing trends, the mix of export sales, sales to significant customers and the availability and cost of products from the Company's suppliers, are subject to risks and uncertainties, including those set forth below under "Factors That May Affect Our Results." Our actual results could differ materially from those anticipated in these forward-looking statements which could have a material adverse effect on our business, operating results and financial condition. These forward-looking statements speak only as of the date hereof and there may be events in the future that we are not able to predict accurately or over which we have no control which would affect or alter our expectations.

Overview

From our inception in May 1996 through September 1997, our operating activities related primarily to developing a research and development organization, testing prototype designs, building an ASIC design infrastructure, commencing the staffing of our marketing, sales and field service and technical support organizations, and establishing relationships with resellers and OEMs. We commenced volume shipments of our Summit1 and Summit2, the initial products in our Summit stackable product family, in October 1997, and we began shipping our BlackDiamond modular product family in September 1998. We introduced our new

Alpine product family in fiscal 2000 which is based on a new generation chip set. In addition, we also introduced new products within our existing product lines that incorporate this new chip set.

Our revenue is derived primarily from sales of our Summit and BlackDiamond product families and fees for services relating to our products, including maintenance and training. The level of sales to any customer may vary from period to period; however, we expect that significant customer concentration will continue for the foreseeable future. See "Factors That May Affect Our Results--If a Key Reseller, OEM or Other Significant Customer Cancels or Delays a Large Purchase, Extreme's Revenues May Decline and the Price of Its Stock May Fall." For fiscal 2000, there were no customers with sales greater than 10%. For fiscal 1999, Compaq and Hitachi Cable accounted for 21% and 13% of our net revenue, respectively.

We market and sell our products primarily through resellers, distributors and, to a lesser extent, OEMs and our field sales organization. We sell our products through more than 250 resellers in 50 countries. In fiscal 2000, sales to customers outside of North America accounted for approximately 45% of our net revenue. Currently, all of our international sales are denominated in U.S. dollars. We generally recognize product revenue at the time of shipment, unless we have future obligations for installation or have to obtain customer acceptance, in which case revenue is deferred until such obligations have been satisfied. We have established a program which, under specified conditions, enables third party resellers to return products to us. The amount of potential product returns is estimated and provided for in the period of the sale. Service revenue is recognized ratably over the term of the contract period, which is typically 12 months.

We expect to experience rapid erosion of average selling prices of our products due to a number of factors, including competitive

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pricing pressures, promotional pricing and rapid technological change. Our gross margins will be affected by such declines and by fluctuations in manufacturing volumes, component costs and the mix of product configurations sold. In addition, our gross margins may fluctuate due to the mix of distribution channels through which our products are sold, including the potential effects of our development of a two-tier distribution channel. We generally realize higher gross margins on sales to resellers and distributors than on sales through our OEMs. Any significant decline in sales to our OEMs or resellers or distributors, or the loss of any of our OEMs or resellers or distributors could materially adversely affect our business, operating results and financial condition. In addition, new product introductions may result in excess or obsolete inventories. Any excess or obsolete inventories may also reduce our gross margins.

We outsource the majority of our manufacturing and supply chain management operations, and we conduct quality assurance, manufacturing engineering, documentation control and repairs at our facility in Santa Clara, California. Accordingly, a significant portion of our cost of revenue consists of payments to our contract manufacturers, Flextronics, MCMS and Solectron. We expect to realize lower per unit product costs as a result of volume efficiencies. However, we cannot assure you when or if such price reductions will occur. The failure to obtain such price reductions could materially adversely affect our gross margins and operating results.

Research and development expenses consist principally of salaries and related personnel expenses, consultant fees and prototype expenses related to the design, development, testing and enhancement of our products. We expense all research and development expenses as incurred. We believe that continued investment in research and development is critical to attaining our strategic objectives and, as a result, we expect these expenses to increase in absolute dollars in the future.

Sales and marketing expenses consist of salaries, commissions and related expenses for personnel engaged in marketing, sales and field service support functions, as well as trade shows and promotional expenses. We intend to pursue sales and marketing campaigns aggressively and therefore expect these expenses to increase significantly in absolute dollars in the future. In addition, we recently hired approximately 200 sales and marketing personnel. We expect to continue to expand our field sales operations to support and develop leads for our resellers and distributors, which will also result in an increase in sales

and marketing expenses.

General and administrative expenses consist primarily of salaries and related expenses for executive, finance and administrative personnel, professional fees and other general corporate expenses. We expect general and administrative expenses to increase in absolute dollars as we add personnel, increase spending on our information systems and incur additional costs related to the anticipated growth of our business and operation as a public company.

During fiscal 1998, in connection with the grant of certain stock options to employees, we recorded deferred stock compensation of \$437,000 representing the difference between the exercise price and the deemed fair value of our common stock on the date such stock options were granted. Such amount is included as a reduction of stockholders' equity and is being amortized by charges to operations on a graded vesting method. We recorded amortization of deferred stock compensation expense of approximately \$119,000, \$172,000 and \$68,000 for the years ended June 30, 2000, 1999 and 1998, respectively. At June 30, 2000, we had a total of approximately \$78,000 remaining to be amortized over the corresponding vesting period of each respective option, generally four years. The amortization expense relates to options awarded to employees in all operating expense categories.

Despite growing revenues in all fiscal years since our inception, fiscal 2000 was the first year we have achieved profitability in each of the four quarters. Our net income has not increased proportionately with the increase in our revenue primarily because of increased expenses relating to our growth in operations and in particular the recent accelerated hiring of sales and marketing personnel. Because of the lengthy sales cycle of our products, there is often a significant delay between the time we incur expenses and the time we realize any related revenue. See "Factors That May Affect Our Results--The Sales Cycle for Extreme's Products is Long and Extreme May Incur Substantial Non-Recoverable Expenses or Devote Significant Resources to Sales that Do Not Occur When Anticipated." To the extent that future revenues do not increase significantly in the same periods in which operating expenses increase, our operating results would be adversely affected. See "Factors That May Affect Our Results--A Number of Factors Could Cause Extreme's Quarterly Financial Results to Be Worse Than Expected, Resulting in a Decline in Its Stock Price."

Due to the Company's issuance of warrants to a networking company as discussed in Note 3, future operating income will be reduced by \$7.1 million per quarter for each quarter in fiscal 2001 and for three of the four fiscal quarters in fiscal 2002. Notwithstanding this charge the Company still anticipates being profitable in the first quarter of fiscal 2001.

Results of Operations

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The following table sets forth for the years indicated certain financial data as a percentage of net revenue:

	Years ended June 30,		
	2000	1999	1998
	----	----	----
Net revenue.....	100.0%	100.0%	100.0%
Cost of revenue.....	48.5	49.5	63.2
	----	----	----
Gross profit	51.5	50.5	36.8
Operating expenses:			
Research and development.....	12.6	17.4	45.2
Sales and marketing.....	25.6	27.6	40.7
General and administrative.....	4.5	7.0	10.4
Amortization of goodwill and purchased intangibles	2.6	--	--
	----	----	----
Total operating expenses.....	45.3	52.0	96.3
	----	----	----
Operating income (loss).....	6.2	(1.5)	(59.5)

Interest income.....	5.6	1.9	2.6
Interest expense.....	(.2)	(.4)	(1.4)
Other income (loss), net.....	--	--	(.8)
	-----	-----	-----
Income (loss) before income taxes.....	11.6	.0	(59.1)
Provision for income taxes.....	3.9	1.7	--
	-----	-----	-----
Net income (loss).....	7.7%	(1.7)%	(59.1)%
	=====	=====	=====

Net Revenue

Net revenue increased from \$98.0 million in fiscal 1999 to \$262.0 million in fiscal 2000, an increase of \$164.0 million. The increase in net revenue for fiscal 2000 resulted primarily from increased sales of our Summit stackable products and our BlackDiamond modular product family, the market's growing acceptance of Extreme's existing and new product offerings, and a significant increase in our sales and marketing organizations.

Net revenue increased from \$23.6 million in fiscal 1998 to \$98.0 million in fiscal 1999, an increase of \$74.4 million. The increase in net revenue for fiscal 1999 resulted primarily from increased sales of our Summit stackable products and the introduction of our BlackDiamond modular product family in September 1998.

Export sales accounted for 45% and 53% of net revenue in fiscal 2000 and fiscal 1999, respectively. We expect that export sales will continue to represent a significant portion of net revenue, although we cannot assure you that export sales as a percentage of net revenue will remain at current levels. All sales transactions are denominated in U.S. dollars.

Gross Profit

Gross profit increased from \$49.5 million in fiscal 1999 to \$135.0 million in fiscal 2000, an increase of \$85.5 million, primarily due to the related increase in revenue. Gross margins increased from 50.5% in fiscal 1999 to 51.5% in fiscal 2000. The increase in gross margin resulted primarily from a shift in product mix, a shift in our channel mix from OEMs to resellers and distributors and improved manufacturing efficiencies, offset in part by lower average selling prices due primarily to increased competition.

Gross profit increased from \$8.7 million in fiscal 1998 to \$49.5 million in fiscal 1999, an increase of \$40.8 million. Gross margins increased from 36.8% in fiscal 1998 to 50.5% in fiscal 1999. The increase in gross margin resulted primarily from reductions in component costs, improved manufacturing efficiencies and a shift in our channel mix from OEMs to resellers, which were offset in part by lower average selling prices due to increased competition.

Research and Development Expenses

Research and development expenses increased from \$17.0 million in fiscal 1999 to \$33.0 million in fiscal 2000, an increase of \$16.0 million. The increase was primarily due to nonrecurring engineering and initial product verification expenses and increased salaries and related personnel expenses due to the hiring of additional engineers. For fiscal 1999 and fiscal 2000, research and development expenses decreased as a percentage of net revenue from 17.4% to 12.6%. This percentage decrease was primarily the result of an increase in our net revenue.

Research and development expenses increased from \$10.7 million in fiscal 1998 to \$17.0 million in fiscal 1999, an increase of \$6.3 million. The increase was primarily due to nonrecurring engineering and initial product verification expenses, the hiring of additional engineers and an increase in depreciation charges due to increases in capital spending on design and simulation software and test equipment. For fiscal 1998 and fiscal 1999, research and development expenses decreased as a percentage of net revenue from 45.2% to 17.4%. This percentage decrease was primarily the result of an increase in our net revenue.

Sales and Marketing Expenses

Sales and marketing expenses increased from \$27.1 million in fiscal 1999 to \$67.1 million in fiscal 2000, an increase of \$40.0 million. This increase was primarily due to the hiring of additional sales, marketing and customer support personnel, increased sales commission expenses resulting from increased revenues, increased tradeshow and promotional expenses and the establishment of new sales offices. For fiscal 1999 and fiscal 2000, sales and marketing expenses decreased as a percentage of net revenue from 27.6% to 25.6%. This percentage decrease was primarily the result of an increase in our net revenue.

We intend to pursue sales and marketing campaigns aggressively and therefore expect these expenses to increase significantly in absolute dollars in the future. In addition, we recently hired approximately 200 sales and marketing personnel. We expect to continue to expand our field sales operations to support and develop leads for our resellers and distributors, which will also result in an increase in sales and marketing expenses.

Sales and marketing expenses increased from \$9.6 million in fiscal 1998 to \$27.1 million in fiscal 1999, an increase of \$17.5 million. This increase was primarily due to the hiring of additional sales and customer support personnel, tradeshow and promotional expenses, increased commission expenses resulting from higher sales, and the establishment of new sales offices. For fiscal 1998 and fiscal 1999, sales and marketing expenses decreased as a percentage of net revenue from 40.7% to 27.6%. This percentage decrease was primarily the result of an increase in our net revenue.

General and Administrative Expenses

General and administrative expenses increased from \$6.9 million in fiscal 1999 to \$11.9 million in fiscal 2000, an increase of \$5.0 million. This increase was due primarily to the hiring of additional finance, information technology, legal and administrative personnel and increased professional fees and occupancy costs. For fiscal 1999 and fiscal 2000, general and administrative expenses decreased as a percentage of net revenue from 7.0% to 4.5%. This percentage decrease was primarily the result of an increase in our net revenue.

General and administrative expenses increased from \$2.4 million in fiscal 1998 to \$6.9 million in fiscal 1999, an increase of \$4.5 million. This increase was due primarily to the hiring of additional finance, information technology and legal and administrative personnel, recruiting expenses, professional fees and increased spending on information systems. For fiscal 1998 and fiscal 1999, general and administrative expenses decreased as a percentage of net revenue from 10.4% to 7.0%. This percentage decrease was primarily the result of an increase in our net revenue.

Amortization of Goodwill and Purchased Intangibles

Amortization of goodwill and purchased intangibles was \$7.1 million in fiscal 2000. This amount was due to the Company's issuance of fully earned, non-forfeitable, fully exercisable warrants with a two year life to purchase 3 million shares of the Company's common stock with an exercise price of \$39.50 per share as discussed in Note 3 of notes to consolidated financial statements. Future operating income will be reduced by approximately \$7.1 million per quarter for each quarter in fiscal 2001 and for three fiscal quarters in fiscal 2002.

Interest Income

Interest income increased from \$1.9 million in fiscal 1999 to \$14.6 million in fiscal 2000, an increase of \$12.7 million. The increase is due to the increased amount of cash and cash equivalents, short-term investments, restricted investments and long-term investments from the proceeds we received from our initial public offering in April 1999 and our secondary public offering in October 1999.

Interest income increased from \$.6 million in fiscal 1998 to \$1.9 million in fiscal 1999, an increase of \$1.3 million. The increase

is due to the increased amount of cash and cash equivalents, short-term investments and long-term investments from the proceeds we received from our initial public offering in April 1999.

Income Taxes

We recorded a tax provision of \$10.3 million for the year ended June 30, 2000. The provision for fiscal 2000 results in an effective tax rate of 34% which consists primarily of federal taxes, state income taxes and foreign taxes, offset by the recognition of deferred tax assets. FASB Statement No. 109 provides for the recognition of deferred tax assets if realization of such assets is more likely than not. We intend to evaluate the realizability of the deferred tax assets on a quarterly basis. We incurred significant operating losses for all fiscal years from inception through June 30, 1999. We recorded a tax provision of \$1.7 million for the year ended June 30, 1999, which consisted primarily of foreign taxes, federal taxes and state income taxes.

Liquidity and Capital Resources

Cash and cash equivalents and short-term investments increased from \$123.6 million at June 30, 1999 to \$183.4 million at June 30, 2000, an increase of \$59.8 million. The increase is primarily a result of our secondary public offering of common stock in October 1999, which generated net proceeds of \$174.0 million, primarily offset by an increase in long-term investments and restricted investments of \$108.0 million. Cash provided by operating activities was \$24.8 million in fiscal 2000, as compared to cash provided by operating activities of \$2.8 million in fiscal 1999. The increase was primarily due to net income, depreciation, amortization and increases in accounts payable, deferred revenue and accrued liabilities, offset by increases in accounts receivable, inventories and other current and noncurrent assets. We expect that accounts receivable will continue to increase to the extent our revenues continue to rise. We expect our inventory levels to increase in connection with our development of a two-tier distribution system, new product introductions and the need to maintain shorter lead times on certain products. Any such increase can be expected to reduce cash, cash equivalents, short-term investments and long-term investments.

Investing activities used cash of \$195.0 million in fiscal 2000 due to capital expenditures of \$27.2 million, net purchases of investments of \$158.8 million and minority investments of \$9.0 million. Our investing activities used cash of \$29.1 million in fiscal 1999 for net purchases of investments of \$21.6 million and capital expenditures of \$7.5 million. Our investing activities used cash of \$13.5 million in fiscal 1998 for capital expenditures of \$2.5 million and net purchases of investments of \$11.0 million. We expect capital expenditures of approximately \$30.0 million in fiscal 2001. Under the terms of a certain equity investment, upon the attainment of certain technological milestones, we will be obligated to purchase all of the outstanding capital stock in fiscal 2001, payable in any combination of cash or shares of Extreme common stock.

Financing activities provided cash of \$179.7 million in fiscal 2000, arising primarily from proceeds from the issuance of common stock in conjunction with our secondary public offering, partially offset by payments of capital lease obligations. Financing activities provided cash of \$124.0 million in fiscal 1999, arising primarily from proceeds from the issuance of common stock in conjunction with our initial public offering, partially offset by principal payments on notes payable and capital lease obligations. Financing activities provided cash of \$21.2 million in fiscal 1998, primarily from the issuance of convertible preferred stock and proceeds from notes payable, partially offset by principal payments on notes payable and capital lease obligations.

In June 2000, we entered into an operating lease agreement to lease 275,000 square feet to house our primary facility in Santa Clara, California. Our lease payments will vary based on the LIBOR plus a spread which was 7.14% at June 30, 2000. Our lease payments are estimated to be approximately \$5.7 million on an annual basis over the lease term. The lease is for five years and can be renewed for two five-year periods, subject to the approval of the lessor. At the expiration or termination of the lease, we have the option to either purchase the property for \$80.0 million, or arrange for the sale of the property to a third party for at least \$80.0 million with a contingent liability for any deficiency. If the property is not purchased or sold as described above, we will be obligated for an additional lease payment of approximately \$68.0 million.

As part of the above lease transaction, the Company restricted \$80.0 million of its investment securities as collateral for specified obligations of the lessee under the lease. These investment securities are restricted as to withdrawal and are managed by a third party subject to certain limitations under the Company's investment policy. The lease also requires us to maintain specified financial covenants with which we were in compliance as of June 30, 2000.

We require substantial capital to fund our business, particularly to finance inventories and accounts receivable and for capital expenditures. As a result, we could be required to raise substantial additional capital. To the extent that we raise additional capital

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through the sale of equity or convertible debt securities, the issuance of such securities could result in dilution to existing stockholders. If additional funds are raised through the issuance of debt securities, these securities may have rights, preferences and privileges senior to holders of common stock and the terms of such debt could impose restrictions on our operations. We cannot assure you that such additional capital, if required, will be available on acceptable terms, or at all. If we are unable to obtain such additional capital, we may be required to reduce the scope of our planned product development and marketing efforts, which would materially adversely affect our business, financial condition and operating results.

We believe that our current cash and cash equivalents, short-term investments, long-term investments and cash available from credit facilities and future operations will enable us to meet our working capital requirements for at least the next 12 months.

New Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). FAS 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", which extended the deferral of the application of FAS 133 to all fiscal quarters of fiscal years beginning after June 15, 2000. In June 15, 2000 the FASB also issued FAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities) an Amendment to FASB Statement No. 133". FAS 138 amends the accounting and reporting standards of Statement 133 for certain derivative instruments and certain hedging activities. The Company will be required to adopt these pronouncements for the year ending June 30, 2001. Because the Company currently holds no derivative financial instruments and does not currently engage in hedging activities, adoption of FAS 133 and 138 are expected to have no material impact on the Company's financial condition or results of operations.

In December 1999, the Staff of the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101. "Revenue Recognition in Financial Statements", which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The implementation of SAB 101 has recently been deferred to no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The Company is presently evaluating the potential impact of the adoption of SAB 101.

In March 2000, the FASB issued Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an interpretation of APB Opinion No. 25" (Interpretation No. 44). Interpretation No. 44 is effective July 1, 2000. The interpretation clarifies the application of APB Opinion No. 25 for certain issues, specifically, (a) the definition of an employee, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange or stock compensation awards in a business combination. We do not anticipate that the adoption of Interpretation No. 44 will have a material impact on our financial position or the results of our operations.

Factors That May Affect Our Results

Extreme Has a Limited History of Profitability and Cannot Assure You that it Will Continue to Achieve Profitability

Although our revenue has grown in recent quarters, we cannot be certain that we will realize sufficient revenue to achieve continued profitability on a fiscal year basis. Fiscal 2000 was the first year in which Extreme achieved

profitability in each of the four quarters. We anticipate continuing to incur significant sales and marketing, product development and general and administrative expenses and, as a result, we will need to generate significantly higher revenue to sustain profitability. In particular, our recent hiring of approximately 200 sales and marketing personnel has substantially increased expenses. We expect that the hiring of such personnel will allow us to increase sales, however, we can not assure you that this will occur and we cannot assure you that operating margins will not be adversely affected by this or other hiring. In addition, the amortization of purchased intangibles and goodwill is estimated to be approximately \$27.7 million and \$21.0 million in fiscal 2001 and 2002, respectively.

A Number of Factors Could Cause Extreme's Quarterly Financial Results to Be Worse Than Expected, Resulting in a Decline in Its Stock Price

We plan to significantly increase our operating expenses to expand our sales and marketing activities, broaden our customer

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support capabilities, develop new distribution channels, fund increased levels of research and development and build our operational infrastructure. We base our operating expenses on anticipated revenue trends and a high percentage of our expenses are fixed in the short term. As a result, any delay in generating or recognizing revenue could cause our quarterly operating results to be below the expectations of public market analysts or investors, which could cause the price of our common stock to fall.

We may experience a delay in generating or recognizing revenue because of a number of reasons. Orders at the beginning of each quarter typically do not equal expected revenue for that quarter and are generally cancelable at any time. Accordingly, we are dependent upon obtaining orders in a quarter for shipment in that quarter to achieve our revenue objectives. In addition, the timing of product releases, purchase orders and product availability could result in significant product shipments at the end of a quarter. Failure to ship these products by the end of a quarter may adversely affect our operating results. Furthermore, our customer agreements typically provide that the customer may delay scheduled delivery dates and cancel orders within specified time frames without significant penalty.

Our quarterly revenue and operating results have varied significantly in the past and may vary significantly in the future due to a number of factors, including:

- . fluctuations in demand for our products and services, including seasonality, particularly in Asia and Europe;
- . unexpected product returns or the cancellation or rescheduling of significant orders;
- . our ability to develop, introduce, ship and support new products and product enhancements and manage product transitions;
- . announcements and new product introductions by our competitors; . our ability to develop and support customer relationships with service providers and other potential large customers;
- . our ability to achieve required cost reductions;
- . our ability to obtain sufficient supplies of sole or limited sourced components for our products;
- . unfavorable changes in the prices of the components we purchase;
- . our ability to attain and maintain production volumes and quality levels for our products;
- . the mix of products sold and the mix of distribution channels through which they are sold; and
- . costs relating to possible acquisitions and integration of technologies or businesses.
- . the affect of amortization of goodwill and purchased intangibles

resulting from existing or new transactions.

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

Intense Competition in the Market for Networking Equipment Could Prevent Extreme From Increasing Revenue and Prevent Extreme From Sustaining Profitability

The market for Internet switches is intensely competitive. Our principal competitors include Cabletron Systems, Cisco Systems, Foundry Networks, Lucent Technologies and Nortel Networks. Many of our current and potential competitors have longer operating histories and substantially greater financial, technical, sales, marketing and other resources, as well as greater name recognition and larger installed customer bases, than we do. These competitors may have developed, or could in the future, develop new technologies that compete with our products or even render our products obsolete.

To remain competitive, we believe we must, among other things, invest significant resources in developing new products and enhancing our current products and maintaining customer satisfaction. If we fail to do so, our products may not compete favorably with those of our competitors and our revenue and future profitability could be materially adversely affected.

Extreme Expects the Average Selling Prices of Its Products to Decrease Rapidly Which May Reduce Gross Margins or Revenue

The network equipment industry has experienced rapid erosion of average selling prices due to a number of factors, including competitive pricing pressures and rapid technological change. We may experience substantial period-to-period fluctuations in future

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operating results due to the erosion of our average selling prices. We anticipate that the average selling prices of our products will decrease in the future in response to competitive pricing pressures, increased sales discounts, new product introductions by us or our competitors, including, for example, competitive products manufactured with low cost merchant silicon, or other factors. Therefore, to maintain our gross margins, we must develop and introduce on a timely basis new products and product enhancements and continually reduce our product costs. Our failure to do so would cause our revenue and gross margins to decline, which could materially adversely affect our operating results and cause the price of our common stock to decline.

Extreme's Market is Subject to Rapid Technological Change and to Compete, Extreme Must Continually Introduce New Products that Achieve Broad Market Acceptance

The network equipment market is characterized by rapid technological change, frequent new product introductions, changes in customer requirements and evolving industry standards. If we do not address these changes by regularly introducing new products, our product line will become obsolete. Developments in routers and routing software could also significantly reduce demand for our product. Alternative technologies could achieve widespread market acceptance and displace Ethernet technology on which our product lines and architecture are based. We cannot assure you that our technological approach will achieve broad market acceptance or that other technologies or devices will not supplant our approach.

When we announce new products or product enhancements that have the potential to replace or shorten the life cycle of our existing products, customers may defer purchasing our existing products. These actions could materially adversely affect our operating results by unexpectedly decreasing sales, increasing our inventory levels of older products and exposing us to greater risk of product obsolescence. The market for switching products is evolving and we believe our ability to compete successfully in this market is dependent upon the continued compatibility and interoperability of our products with products and architectures offered by other vendors. In particular, the networking industry has been characterized by the successive introduction of new technologies or standards that have dramatically reduced the price and increased the performance of switching equipment. To remain competitive we need to introduce products in a timely manner that incorporate or are compatible with these new technologies as they emerge. For example, this fiscal year we

introduced a new generation chipset which was incorporated in a new product family which began shipping in the quarter ended March 31, 2000. We cannot assure you that these new products will be commercially successful. We have experienced delays in releasing new products and product enhancements in the past which delayed sales and resulted in lower quarterly revenue than anticipated. We may experience similar delays in product development and release in the future and any delay in product introduction could adversely affect our ability to compete and cause our operating results to be below our expectations or the expectations of public market analysts or investors.

Continued Rapid Growth Will Strain Extreme's Operations and Will Require Extreme to Incur Costs to Upgrade Its Infrastructure

We have experienced a period of rapid growth and expansion which has placed, and continues to place, a significant strain on our resources. Even if we manage this growth effectively, we may make mistakes in operating our business such as inaccurate sales forecasting, incorrect material planning or inaccurate financial reporting, which may result in unanticipated fluctuations in our operating results. Our net revenue increased significantly during the last fiscal year, and from June 30, 1999 to June 30, 2000, the number of our employees increased from 249 to 680. We expect our anticipated growth and expansion to strain our management, operational and financial resources. Our management team has had limited experience managing such rapidly growing companies on a public or private basis. To accommodate this anticipated growth, we will be required to:

- . improve existing and implement new operational, information and financial systems, procedures and controls;
- . hire, train and manage additional qualified personnel, including sales, marketing personnel and research and development personnel; and
- . effectively manage multiple relationships with our customers, suppliers and other third parties.

We may not be able to install adequate control systems in an efficient and timely manner, and our current or planned personnel systems, procedures and controls may not be adequate to support our future operations. In August 1998, we installed a new management information system, which we may continue to modify and improve to meet the increasing needs associated with our growth. The difficulties associated with installing and implementing these new systems, procedures and controls may place a significant burden on our management and our internal resources. In addition, as we grow internationally, we will have to expand our

worldwide operations and enhance our communications infrastructure. Any delay in the implementation of such new or enhanced systems, procedures or controls, or any disruption in the transition to such new or enhanced systems, procedures or controls, could adversely affect our ability to accurately forecast sales demand, manage our supply chain and record and report financial and management information on a timely and accurate basis.

Extreme Must Develop and Expand Its Indirect Distribution Channels to Increase Revenues and Improve Its Operating Results

Our distribution strategy focuses primarily on developing and expanding indirect distribution channels through resellers, distributors and, to a lesser extent, original equipment manufacturers, or OEMs, as well as expanding our field sales organization. If we fail to develop and cultivate relationships with significant resellers, or if these resellers are not successful in their sales efforts, sales of our products may decrease and our operating results would suffer. Many of our resellers also sell products that compete with our products. We are developing a two-tier distribution structure in Europe and the United States which has and will require us to enter into agreements with a small number of stocking distributors. We have entered into two-tier distribution agreements; however, we cannot assure you that we will continue to be able to enter into additional distribution agreements or that we will be able to successfully manage the transition of resellers to a two-tier distribution channel. Our failure to do so could limit our ability to grow or sustain revenue. In addition, our operating results will likely fluctuate significantly depending on the timing and amount of orders from our resellers. We cannot assure you that our resellers will market our products effectively or continue

to devote the resources necessary to provide us with effective sales, marketing and technical support.

To support and develop leads for our indirect distribution channels and to expand our direct sales effort, to service providers and content providers, we plan to continue to expand our field sales and support staff significantly. We cannot assure you that this internal expansion will be successfully completed, that the cost of this expansion will not exceed the revenues generated or that our expanded sales and support staff will be able to compete successfully against the significantly more extensive and well-funded sales and marketing operations of many of our current or potential competitors. Our inability to effectively establish our distribution channels or manage the expansion of our sales and support staff would materially adversely affect our ability to grow and increase revenue.

Because Substantially All of Extreme's Revenue is Derived From Sales of Two Product Families, Extreme is Dependent on Widespread Market Acceptance of These Products; Future Performance will Depend on the Introduction and Acceptance of New Products

In fiscal 2000, we derived substantially all of our revenue from sales of our Summit and BlackDiamond product families. We expect that revenue from these product families will account for a substantial portion of our revenue for the foreseeable future. Accordingly, widespread market acceptance of our product families is critical to our future success. Factors that may affect the market acceptance of our products include market acceptance of switching products, and Gigabit Ethernet and Layer 3 switching technologies in particular in the enterprise, service provider and metropolitan area network markets, the performance, price and total cost of ownership of our products, the availability and price of competing products and technologies, and the success and development of our resellers, distributors, OEMs and field sales channels. Many of these factors are beyond our control. Our future performance will also depend on the successful development, introduction and market acceptance of new and enhanced products that address customer requirements in a cost-effective manner. We have in the past experienced delays in product development and such delays may occur in the future. We introduced a new product family in fiscal 2000 which is based on a new generation chip set. In addition, we also introduced new products within our existing product lines that incorporate this new chip set. The introduction of new and enhanced products may cause our customers to defer or cancel orders for existing products. Therefore, to the extent customers defer or cancel orders in the expectation of any new product release, any delay in development or introduction could cause our operating results to suffer. Failure of our existing or future products to maintain and achieve widespread levels of market acceptance may significantly impair our revenue growth.

If a Key Reseller, Distributor, OEM or Other Significant Customer Cancels or Delays a Large Purchase, Extreme's Revenues May Decline and the Price of Its Stock May Fall

To date, a limited number of resellers, distributors, OEMs and other customers have accounted for a significant portion of our revenue. If any of our large customers stop or delay purchases, our revenue and profitability would be adversely affected. For example, in fiscal 1999, Compaq and Hitachi Cable accounted for 21% and 13% of our net revenue, respectively. Because our expense levels are based on our expectations as to future revenue and to a large extent are fixed in the short term, a substantial reduction or delay in sales of our products to, or the loss of any significant reseller, distributor, OEM or other customer, or unexpected returns from

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resellers could harm our business, operating results and financial condition. Although our largest customers may vary from period-to-period, we anticipate that our operating results for any given period will continue to depend to a significant extent on large orders from a small number of customers, particularly in light of the high sales price per unit of our products and the length of our sales cycles.

While our financial performance depends on large orders from a few key resellers, distributors, OEMs and other significant customers, we do not have binding commitments from any of them. For example:

- our service provider and enterprise network customers can stop purchasing and our resellers, distributors and OEMs can stop marketing our products

at any time;

- . our reseller agreements generally are not exclusive and are for one year terms, with no obligation of the resellers to renew the agreements;
- . our reseller agreements provide for discounts based on expected or actual volumes of products purchased or resold by the reseller in a given period; and
- . our reseller, distributor and OEM agreements generally do not require minimum purchases.

We have established a program which, under specified conditions, enables some third party resellers to return products to us. The amount of potential product returns is estimated and provided for in the period of the sale. Some of our OEM agreements also provide manufacturing rights and access to our source code upon the occurrence of specified conditions of default. If we were to default on these agreements, our OEMs could use our source code to develop and manufacture competing products, which would negatively affect our performance and ability to compete.

The Sales Cycle for Extreme's Products is Long and Extreme May Incur Substantial Non-Recoverable Expenses or Devote Significant Resources to Sales that Do Not Occur When Anticipated

The timing of our sales revenue is difficult to predict because of our reliance on indirect sales channels and the length and variability of our sales cycle. Our products have a relatively high sales price per unit, and often represent a significant and strategic decision by an enterprise regarding its communications infrastructure. Accordingly, the purchase of our products typically involves significant internal procedures associated with the evaluation, testing, implementation and acceptance of new technologies. This evaluation process frequently results in a lengthy sales process, typically ranging from three months to longer than a year, and subjects the sales cycle associated with the purchase of our products to a number of significant risks, including budgetary constraints and internal acceptance reviews. The length of our sales cycle also may vary substantially from customer to customer. While our customers are evaluating our products and before they may place an order with us, we may incur substantial sales and marketing expenses and expend significant management effort. Consequently, if sales forecasted from a specific customer for a particular quarter are not realized in that quarter, we may be unable to compensate for the shortfall, which could harm our operating results.

Extreme Purchases Several Key Components for Products From Single or Limited Sources and Could Lose Sales if These Sources Fail to Fill Its Needs

We currently purchase several key components used in the manufacture of our products from single or limited sources and are dependent upon supply from these sources to meet our needs. Certain components such as tantalum capacitors, SRAM and printed circuit boards have been and may in the future be in short supply. While we have been able to meet our needs to date, we have in the past and are likely in the future to encounter shortages and delays in obtaining these or other components and this could materially adversely affect our ability to meet customer orders. Our principal sole sourced components include:

- . ASICs;
- . microprocessors;
- . programmable integrated circuits;
- . selected other integrated circuits;
- . cables; and
- . custom-tooled sheet metal.

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Our principal limited sourced components include:

- . flash memories;
- . dynamic and static random access memories, commonly known as DRAMs and

SRAMs, respectively; and

printed circuit boards.

We use a rolling six-month forecast based on anticipated product orders to determine our material requirements. Lead times for materials and components we order vary significantly, and depend on factors such as the specific supplier, contract terms and demand for a component at a given time. If orders do not match forecasts, we may have excess or inadequate inventory of certain materials and components, which could materially adversely affect our operating results and financial condition. From time to time we have experienced shortages and allocations of certain components, resulting in delays in filling orders. In addition, during the development of our products we have experienced delays in the prototyping of our ASICs, which in turn has led to delays in product introductions.

Extreme Needs to Expand Its Manufacturing Operations and Depends on Contract Manufacturers for Substantially All of Its Manufacturing Requirements

If the demand for our products continues to grow, we will need to increase our material purchases, contract manufacturing capacity and internal test and quality functions. Any disruptions in product flow could limit our revenue, adversely affect our competitive position and reputation and result in additional costs or cancellation of orders under agreements with our customers.

We rely on third party manufacturing vendors to manufacture our products. We currently subcontract substantially all of our manufacturing to three companies--Flextronics International, Ltd., located in San Jose, California, MCMS, Inc., located in Boise, Idaho and Solectron, located in Milpitas, California. We have experienced a delay in product shipments from contract manufacturers in the past, which in turn delayed product shipments to our customers. We may in the future experience similar or other problems, such as inferior quality and insufficient quantity of product, any of which could materially adversely affect our business and operating results. There can be no assurance that we will effectively manage our contract manufacturers or that these manufacturers will meet our future requirements for timely delivery of products of sufficient quality and quantity. We intend to regularly introduce new products and product enhancements, which will require that we rapidly achieve volume production by coordinating our efforts with those of our suppliers and contract manufacturers. The inability of our contract manufacturers to provide us with adequate supplies of high-quality products or the loss of either of our contract manufacturers would cause a delay in our ability to fulfill orders while we obtain a replacement manufacturer and would have a material adverse effect on our business, operating results and financial condition.

As part of our cost-reduction efforts, we will need to realize lower per unit product costs from our contract manufacturers as a result of volume efficiencies. However, we cannot be certain when or if such price reductions will occur. The failure to obtain such price reductions would adversely affect our gross margins and operating results.

If Extreme Loses Key Personnel or is Unable to Hire Additional Qualified Personnel as Necessary, It May Not Be Able to Successfully Manage Its Business or Achieve Its Objectives

Our success depends to a significant degree upon the continued contributions of our key management, engineering, sales and marketing and manufacturing personnel, many of whom would be difficult to replace. In particular, we believe that our future success is highly dependent on Gordon Stitt, Chairman, President and Chief Executive Officer, Stephen Haddock, Vice President and Chief Technical Officer, and Herb Schneider, Vice President of Engineering. We neither have employment contracts with nor key person life insurance on any of our key personnel.

We believe our future success will also depend in large part upon our ability to attract and retain highly skilled managerial, engineering, sales and marketing, finance and manufacturing personnel. Competition for these personnel is intense, especially in the San Francisco Bay Area, and we have had difficulty hiring employees in the timeframe we desire, particularly software engineers. There can be no assurance that we will be successful in attracting and retaining such personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel in the future or delays in hiring required personnel, particularly engineers and sales personnel, could make it difficult for us to manage our business and meet key objectives, such as

product introductions, on time. In addition, companies in the networking industry whose employees accept positions with competitors frequently claim that competitors have engaged in unfair hiring practices. We have from time to time received claims like this from

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other companies and, although to date they have not resulted in material litigation, we cannot assure you that we will not receive additional claims in the future as we seek to hire qualified personnel or that such claims will not result in material litigation. We could incur substantial costs in defending ourselves against any such claims, regardless of the merits of such claims.

Extreme's Products Must Comply With Evolving Industry Standards and Complex Government Regulations or Its Products May Not Be Widely Accepted, Which May Prevent Extreme From Sustaining Its Revenues or Achieving Profitability

The market for network equipment products is characterized by the need to support industry standards as different standards emerge, evolve and achieve acceptance. We will not be competitive unless we continually introduce new products and product enhancements that meet these emerging standards. In the past, we have introduced new products that were not compatible with certain technological changes, and in the future we may not be able to effectively address the compatibility and interoperability issues that arise as a result of technological changes and evolving industry standards. In addition, in the United States, our products must comply with various regulations and standards defined by the Federal Communications Commission and Underwriters Laboratories. Internationally, products that we develop may be required to comply with standards established by telecommunications authorities in various countries as well as with recommendations of the International Telecommunication Union. If we do not comply with existing or evolving industry standards or if we fail to obtain timely domestic or foreign regulatory approvals or certificates we would not be able to sell our products where these standards or regulations apply, which may prevent us from sustaining our revenues or achieving profitability.

Failure to Successfully Integrate Extreme's Expanded Sales and Support Organizations into Its Operation or Educate Them About Its Product Families Will Hurt Its Operating Results.

Our products and services require a sophisticated sales effort targeted at several levels within a prospective customer's organization. Unless we expand our sales force we will not be able to increase revenues. In April 2000, a significant number of former sales and system engineer employees of another networking company joined our operation. We cannot assure you that we will be able to educate these new employees about our product families or integrate these new employees into our company. A failure to do so will hurt our revenue growth and may hurt our operating results.

Extreme Depends Upon International Sales for Much of Its Revenue and Extreme's Ability to Sustain and Increase Its International Sales Depends on Successfully Expanding Its International Operations

Our ability to grow will depend in part on the expansion of international sales and operations which have and are expected to constitute a significant portion of our sales. Sales to customers outside of North America accounted for approximately 53% and 45% of our net revenue in fiscal 1999 and fiscal 2000, respectively. Our international sales primarily depend on our resellers, distributors and OEMs. The failure of our resellers, distributors and OEMs to sell our products internationally would limit our ability to sustain and grow our revenue. In addition, there are a number of risks arising from our international business, including:

- . longer accounts receivable collection cycles;
- . difficulties in managing operations across disparate geographic areas;
- . difficulties associated with enforcing agreements through foreign legal systems;
- . payment of operating expenses in local currencies, which subjects us to risks of currency fluctuations;
- . import or export licensing requirements;

- . potential adverse tax consequences; and
- . unexpected changes in regulatory requirements.

Our international sales currently are U.S. dollar-denominated. As a result, an increase in the value of the U.S. dollar relative to foreign currencies could make our products less competitive in international markets. In the future, we may elect to invoice some of our international customers in local currency which will subject us to fluctuations in exchange rates between the U.S. dollar and the particular local currency. If we do so, we may determine to engage in hedging transactions to minimize the risk of such fluctuations. However, if we are not successful in managing such hedging transactions, we could incur losses from hedging activities. Because we currently denominate sales in U.S. dollars, we do not anticipate that the adoption of the Euro as a functional legal currency of certain European countries will materially affect our business.

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Extreme May Engage in Future Acquisitions that Dilute the Ownership Interests of Our Stockholders, Cause Us to Incur Debt and Assume Contingent Liabilities

As part of our business strategy, we review acquisition and strategic investment prospects that would complement our current product offerings, augment our market coverage or enhance our technical capabilities, or that may otherwise offer growth opportunities. We are reviewing investments in new businesses and we expect to make investments in and acquire businesses, products or technologies in the future. In the event of any future acquisitions, we could:

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

These actions by us could materially adversely affect our operating results and/or the price of our common stock. Acquisitions and investment activities also entail numerous risks, including:

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

We cannot assure you that we will be able to successfully integrate any businesses, products, technologies or personnel that we might acquire in the future, and our failure to do so could materially adversely affect our business, operating results and financial condition.

Extreme May Need Additional Capital to Fund Its Future Operations And, If It Is Not Available When Needed, Extreme May Need to Reduce Its Planned Development and Marketing Efforts, Which May Reduce Its Revenues and Prevent Extreme From Achieving Profitability

We believe that our existing working capital, proceeds from the initial public offering in April 1999, proceeds from the secondary offering in October

1999 and cash available from credit facilities and future operations will enable us to meet our working capital requirements for at least the next 12 months. However, if cash from future operations is insufficient, or if cash is used for acquisitions or other currently unanticipated uses, we may need additional capital. The development and marketing of new products and the expansion of reseller and distribution channels and associated support personnel is expected to require a significant commitment of resources. In addition, if the market for our products were to develop more slowly than anticipated or if we fail to establish significant market share and achieve a meaningful level of revenues, we may continue to utilize significant amounts of capital. As a result, we could be required to raise substantial additional capital. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities could result in dilution to existing stockholders. If additional funds are raised through the issuance of debt securities, such securities may have rights, preferences and privileges senior to holders of common stock and the term of such debt could impose restrictions on our operations. We cannot assure you that such additional capital, if required, will be available on acceptable terms, or at all. If we are unable to obtain such additional capital, we may be required to reduce the scope of our planned product development and marketing efforts, which would harm our business, financial condition and operating results.

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If Extreme's Products Contain Undetected Software or Hardware Errors, Extreme Could Incur Significant Unexpected Expenses and Lost Sales

Network products frequently contain undetected software or hardware errors when first introduced or as new versions are released. We have experienced such errors in the past in connection with new products and product upgrades. We expect that such errors will be found from time to time in new or enhanced products after commencement of commercial shipments. These problems may materially adversely affect our business by causing us to incur significant warranty and repair costs, diverting the attention of our engineering personnel from our product development efforts and causing significant customer relations problems.

Our products must successfully interoperate with products from other vendors. As a result, when problems occur in a network, it may be difficult to identify the source of the problem. The occurrence of hardware and software errors, whether caused by our products or another vendor's products, could result in the delay or loss of market acceptance of our products and any necessary revisions may result in the incurrence of significant expenses. The occurrence of any such problems would likely have a material adverse effect on our business, operating results and financial condition.

Extreme's Limited Ability to Protect Its Intellectual Property May Adversely Affect Its Ability to Compete

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. However, we cannot assure you that the actions we have taken will adequately protect our intellectual property rights.

We also enter into confidentiality or license agreements with our employees, consultants and corporate partners, and control access to and distribution of our software, documentation and other proprietary information. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology.

Provisions in Extreme's Charter or Agreements May Delay or Prevent a Change of Control

Provisions in our certificate of incorporation and bylaws may delay or prevent a change of control or changes in our management. These provisions include:

- . the division of the board of directors into three separate classes;
- . the right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors; and
- . the ability of the board of directors to alter our bylaws without getting stockholder approval

Furthermore, we are subject to the provisions of section 203 of the Delaware General Corporation Law. These provisions prohibit large stockholders, in particular those owning 15% or more of the outstanding voting stock, from consummating a merger or combination with a corporation unless this stockholder receives board approval for the transaction or 66 2/3% of the shares of voting stock not owned by the stockholder approve the merger or combination.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. Some of the securities that we have invested in may be subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. For example, if we hold a security that was issued with a fixed interest rate at the then-prevailing rate and the prevailing interest rate later rises, the principal amount of our investment will probably decline. To minimize this risk, we maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including commercial paper, other non-government debt securities and money market funds. In general, money market funds are not subject to market risk because the interest paid on such funds fluctuates with the prevailing interest rate. The following table presents the amounts of our cash equivalents and short-term investments that are subject to market risk by range of expected maturity and weighted-average interest rates as of June 30, 2000 and June 30, 1999. This table does not include money market funds because those funds are not subject to market risk.

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June 30, 2000:	Maturing in				Fair Value
	Three months or less	Three months to one year	Greater than one year	Total	

	(In thousands)				
Included in cash and cash equivalents.....	\$ 100,696			\$ 100,696	\$ 100,696
Weighted average interest rate.....	6.37%				
Included in short-term investments.....		\$ 66,640		\$ 66,640	\$ 66,640
Weighted average interest rate.....		6.50%			
Included in investments.....			\$ 44,144	\$ 44,144	\$ 44,144
Weighted average interest rate.....			7.29%		

June 30, 1999:	Maturing in				Fair Value
	Three months or less	Three months to one year	Greater than one year	Total	

	(In thousands)				
Included in cash and cash equivalents.....	\$ 93,819			\$ 93,819	\$ 93,819
Weighted average interest rate.....	5.12%				
Included in short-term investments.....		\$ 16,422		\$ 16,422	\$ 16,422
Weighted average interest rate.....		5.04%			
Included in investments.....		300	\$ 15,797	\$ 16,097	\$ 16,097
Weighted average interest rate.....		6.02%	6.36%		

Exchange Rate Sensitivity

Currently, all of our sales and the majority of our expenses are denominated in U.S. dollars and as a result, we have experienced no significant foreign exchange gains and losses to date. While we have conducted some transactions in foreign currencies during the year ended June 30, 2000 and expect to continue to do so, we do not anticipate that foreign exchange gains or losses will be significant. We have not engaged in foreign currency hedging activities to date, however, we may do so in the future.

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Item 8. Financial Statements and Supplementary Data.

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Report of Ernst & Young LLP, Independent Auditors

The Board of Directors and Stockholders
Extreme Networks, Inc.

We have audited the accompanying consolidated balance sheets of Extreme Networks, Inc. as of June 30, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Extreme Networks, Inc. at June 30, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

Palo Alto, California
July 18, 2000, except for Note 9, as to which the date is August 24, 2000

EXTREME NETWORKS, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

ASSETS

	June 30,	
	-----	-----
	2000	1999
	-----	-----
Current assets:		
Cash and cash equivalents.....	\$ 116,721	\$ 107,143

Short-term investments.....	66,640	16,422
Accounts receivable, net of allowance for doubtful accounts of \$1,237 in 2000 and \$1,374 in 1999.....	60,996	20,797
Inventories.....	23,801	2,626
Other current assets.....	34,326	1,978
	-----	-----
Total current assets.....	302,484	148,966
Property and equipment, net.....	26,750	6,506
Restricted investments.....	80,000	--
Investments.....	44,144	16,097
Goodwill and purchased intangibles.....	49,782	--
Other assets.....	12,770	234
	-----	-----
	\$ 515,930	\$ 171,803
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$ 39,023	\$ 13,418
Accrued compensation.....	6,759	2,500
Accrued commissions.....	4,282	1,600
Leasehold improvements allowance.....	8,424	--
Deferred revenue.....	22,042	1,717
Other accrued liabilities.....	12,935	7,394
Income tax liability.....	3,138	1,650
Capital lease obligations, current portion.....	--	1,648
	-----	-----
Total current liabilities.....	96,603	29,927
Long term deposit.....	306	--
Commitments (Note 4)		
Stockholders' equity:		
Convertible preferred stock, \$.001 par value, issuable in series: 2,000,000 shares authorized; no shares issued and outstanding.....	--	--
Common stock, \$.001 par value; 150,000,000 shares authorized; 106,670,964 and 98,690,460 shares issued and June 30, 2000 and 1999, respectively.....	106	98
Additional paid-in capital.....	423,044	165,569
Deferred stock compensation.....	(78)	(197)
Accumulated other comprehensive loss.....	(623)	(118)
Accumulated deficit.....	(3,428)	(23,476)
	-----	-----
Total stockholders' equity.....	419,021	141,876
	-----	-----
	\$ 515,930	\$ 171,803
	=====	=====

See accompanying notes to consolidated financial statements.

EXTREME NETWORKS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Years Ended June 30,		
	2000	1999	1998
	-----	-----	-----
Net revenue.....	\$261,956	\$ 98,026	\$ 23,579
Cost of revenue.....	126,916	48,520	14,897
	-----	-----	-----
Gross profit.....	135,040	49,506	8,682
Operating expenses:			
Research and development.....	32,737	17,036	10,668
Sales and marketing.....	67,146	27,056	9,601
General and administrative.....	11,852	6,859	2,440
Amortization of goodwill and purchased intangibles.....	7,051	--	--
	-----	-----	-----
Total operating expenses.....	118,786	50,951	22,709

Operating income (loss).....	16,254	(1,445)	(14,027)
Interest income.....	14,638	1,855	
Interest expense.....	(490)	(398)	(326)
Other income (loss), net.....	(33)	21	(196)
Income (loss) before income taxes.....	30,369	33	(13,936)
Provision for income taxes.....	10,321	1,650	--
Net income (loss).....	\$ 20,048	\$ (1,617)	\$ (13,936)
Basic net income (loss) per share.....	\$ 0.20	\$ (0.09)	\$ (1.59)
Diluted net income (loss) per share.....	\$ 0.18	\$ (0.09)	\$ (1.59)
Weighted average shares outstanding used in computing basic net income (loss) per share.....	100,516	18,924	8,758
Weighted average shares outstanding used in computing diluted net income (loss) per share.....	111,168	18,924	8,758

See accompanying notes to consolidated financial statements.

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EXTREME NETWORKS, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Deferred Stock Compensation	Accumulated Other Comprehensive Loss
	Shares	Amount	Shares	Amount			
Balances at June 30, 1997	46,932	\$ 46	21,620	\$ 22	\$ 17,160	\$ --	\$ --
Issuance of warrant for 96,694 shares of Series B convertible preferred stock	--	--	--	--	28	--	--
Issuance of Series C convertible preferred stock to investors for cash (less issuance costs of \$416).....	11,190	12	--	--	20,105	--	--
Issuance of warrant for 140,352 shares of Series C convertible preferred stock	--	--	--	--	140	--	--
Exercise of options to purchase common stock	--	--	1,450	2	145	--	--
Deferred stock compensation	--	--	--	--	437	(437)	--
Amortization of deferred stock compensation	--	--	--	--	--	68	--
Net loss	--	--	--	--	--	--	--
Balances at June 30, 1998	58,122	58	23,070	24	38,015	(369)	--
Comprehensive loss:							
Net loss	--	--	--	--	--	--	--
Other comprehensive loss, net of tax:							
Change in unrealized loss on investments.....	--	--	--	--	--	--	(112)
Foreign currency translation adjustment..	--	--	--	--	--	--	(6)
Other comprehensive loss	--	--	--	--	--	--	--
Comprehensive loss	--	--	--	--	--	--	--
Issuance of warrants to purchase 80,000 shares of common stock	--	--	--	--	948	--	--
Issuance of common stock in conjunction with initial public offering (less issuance costs of \$1,948).....	--	--	16,100	16	125,306	--	--
Conversion of preferred stock to common stock in conjunction with initial public offering	(58,122)	(58)	58,122	58	--	--	--
Exercise of warrants to purchase common stock	--	--	264	--	--	--	--
Exercise of options to purchase common stock	--	--	1,134	--	1,300	--	--
Amortization of deferred stock compensation	--	--	--	--	--	172	--
Balances at June 30, 1999	--	--	98,690	98	165,569	(197)	(118)
Comprehensive income:							
Net income	--	--	--	--	--	--	--
Other comprehensive loss, net of tax:							
Change in unrealized loss on investments.....	--	--	--	--	--	--	(503)
Foreign currency translation adjustment..	--	--	--	--	--	--	(2)
Other comprehensive loss	--	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--	--
Issuance of common stock in conjunction with secondary public offering (less issuance costs of \$910)	--	--	4,748	6	174,022	--	--
Exercise of warrants to purchase common stock	--	--	370	--	--	--	--
Exercise of options to purchase							

common stock	--	--	2,392	2	3,387	--	--
Issuance of common stock under employee stock purchase plan	--	--	470	--	3,966	--	--
Issuance of warrants for goodwill and purchased intangibles	--	--	--	--	54,324	--	--
Tax benefit from employee stock transactions	--	--	--	--	21,600	--	--
Stock compensation for options granted to consultants	--	--	--	--	176	--	--
Amortization of deferred stock compensation	--	--	--	--	--	119	--
Balances at June 30, 2000	-----	-----	-----	-----	-----	-----	-----
	--	\$ --	\$106,670	\$106	\$423,044	\$ (78)	\$ (623)
	=====	=====	=====	=====	=====	=====	=====

	Accumulated Deficit -----	Total Stockholders' Equity -----
Balances at June 30, 1997	\$ (7,923)	\$ 9,305
Issuance of warrant for 96,694 shares of Series B convertible preferred stock	--	28
Issuance of Series C convertible preferred stock to investors for cash (less issuance costs of \$416)	--	20,117
Issuance of warrant for 140,352 shares of Series C convertible preferred stock	--	140
Exercise of options to purchase common stock	--	147
Deferred stock compensation	--	--
Amortization of deferred stock compensation	--	68
Net loss	(13,936)	(13,936)
Balances at June 30, 1998	(21,859)	15,869
Comprehensive loss:		
Net loss	(1,617)	(1,617)
Other comprehensive loss, net of tax:		
Change in unrealized loss on investments	--	(112)
Foreign currency translation adjustment ..	--	(6)
Other comprehensive loss	--	(118)
Comprehensive loss	--	(1,735)
Issuance of warrants to purchase 80,000 shares of common stock	--	948
Issuance of common stock in conjunction with initial public offering (less issuance costs of \$1,948)	--	125,322
Conversion of preferred stock to common stock in conjunction with initial public offering	--	--
Exercise of warrants to purchase common stock	--	--
Exercise of options to purchase common stock	--	1,300
Amortization of deferred stock compensation	--	172
Balances at June 30, 1999	(23,476)	141,876
Comprehensive income:		
Net income	20,048	20,048
Other comprehensive loss, net of tax:		
Change in unrealized loss on investments	--	(503)
Foreign currency translation adjustment ..	--	(2)
Other comprehensive loss	--	(505)
Comprehensive income	--	19,543
Issuance of common stock in conjunction with secondary public offering (less issuance costs of \$910)	--	174,028
Exercise of warrants to purchase common stock	--	--
Exercise of options to purchase common stock	--	3,389
Issuance of common stock under employee stock purchase plan	--	3,966
Issuance of warrants for goodwill and purchased intangibles	--	54,324
Tax benefit from employee stock transactions	--	21,600
Stock compensation for options granted to consultants	--	176
Amortization of deferred stock compensation	--	119
Balances at June 30, 2000	\$ (3,428)	\$419,021
	=====	=====

See accompanying notes to consolidated financial statements.

	Years Ended June 30,		
	2000	1999	1998
Operating activities			
Net income (loss).....	\$ 20,048	\$ (1,617)	\$ (13,936)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation.....	6,992	5,733	1,453
Amortization.....	7,052	--	--
Warrants issued to a business partner.....	--	948	--
Amortization of deferred stock compensation.....	119	172	68
Loss on equity investments.....	248	--	--
Compensation expense for options granted to consultants.....	176	--	--
Changes in operating assets and liabilities:			
Accounts receivable.....	(40,199)	(12,989)	(7,545)
Inventories.....	(21,175)	(2,503)	(86)
Other current and noncurrent assets.....	(18,832)	(1,392)	(585)
Accounts payable.....	25,605	3,425	9,244
Accrued compensation.....	4,259	2,038	272
Accrued commissions.....	2,682	1,127	473
Leasehold improvements allowance.....	8,424	--	--
Deferred revenue.....	20,325	1,434	283
Other accrued liabilities.....	4,101	4,727	2,203
Income tax liability.....	4,688	1,650	--
Long term deposit.....	306	--	--
Due to shareholder.....	--	--	(109)
Net cash provided by (used in) operating activities.....	24,819	2,753	(8,265)
Investing activities			
Capital expenditures.....	(27,236)	(7,492)	(2,511)
Purchases and maturities of investments.....	(158,770)	(21,636)	(10,996)
Minority investments.....	(8,970)	--	--
Net cash used in investing activities.....	(194,976)	(29,128)	(13,507)
Financing activities			
Proceeds from issuance of convertible preferred stock.....	--	--	20,285
Proceeds from issuance of common stock.....	181,383	126,622	147
Proceeds from notes payable.....	--	783	1,606
Principal payments on notes payable.....	--	(2,784)	(241)
Principal payments of capital lease obligations.....	(1,648)	(613)	(562)
Net cash provided by financing activities.....	179,735	124,008	21,235
Net increase (decrease) in cash and cash equivalents.....	9,578	97,633	(537)
Cash and cash equivalents at beginning of period.....	107,143	9,510	10,047
Cash and cash equivalents at end of period.....	\$ 116,721	\$ 107,143	\$ 9,510
Supplemental disclosure of cash flow information:			
Interest paid.....	\$ 744	\$ 185	\$ 326
Cash paid for taxes.....	\$ 5,828	\$ --	\$ --
Supplemental schedule of noncash investing and financing activities:			
Property and equipment acquired under capital lease obligations.....	\$ --	\$ 278	\$ 1,588
Warrants issued in connection with capital lease.....	\$ --	\$ --	\$ 168
Warrants issued for goodwill and purchased intangibles.....	\$ 54,324	\$ --	\$ --
Warrants issued to a business partner.....	\$ --	\$ 948	\$ --
Deferred stock compensation.....	\$ --	\$ --	\$ 437
Conversion of preferred stock to common stock.....	\$ --	\$ 58	\$ --
Tax benefit from disqualifying dispositions.....	\$ 21,600	\$ --	\$ --

See accompanying notes to consolidated financial statements.

EXTREME NETWORKS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) Summary of Significant Accounting Policies

Nature of Operations

Extreme Networks, Inc. ("Extreme" or the "Company") was incorporated in California on May 8, 1996 and was reincorporated in Delaware on March 31, 1999. Extreme is a leading provider of broadband networking solutions for the Internet economy.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Extreme and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated. Investments in which management intends to maintain more than a temporary 20% to 50% interest, or otherwise has the ability to exercise significant influence, are accounted for under the equity method. Investments in which we have less than a 20% interest and/or do not have the ability to exercise significant influence are carried at the lower of cost or estimated realizable value.

Assets and liabilities of foreign operations are translated to U.S. dollars at current rates of exchange, and revenues and expenses are translated using weighted average rates. Foreign currency transaction gains and losses have not been material. Gains and losses from foreign currency translation are included as a separate component of other comprehensive income (loss).

Certain items previously reported in specific financial statement captions have been reclassified to conform to the 2000 presentation. Such reclassifications have not impacted previously reported operating income (loss).

Fiscal Year

Effective July 1, 1999, Extreme changed its fiscal year from June 30/th/ to a 52/53-week fiscal accounting year. The June 30, 2000 year closed on July 2, 2000 and comprised 52 weeks of revenue and expense activity. All references herein to "fiscal 2000" or "2000" represent the fiscal year ended July 2, 2000. Quarterly results are based upon a 13-week reporting period.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to, the accounting for doubtful accounts, inventory reserves, depreciation and amortization, sales returns, warranty costs and income taxes. Actual results could differ from these estimates.

Cash Equivalents and Short-Term Investments

Extreme considers cash and all highly liquid investment securities purchased with an original or remaining maturity of less than three months at the date of purchase to be cash equivalents. Extreme's investments comprise U.S., state and municipal government obligations and corporate securities. Investments with maturities of less than one year are considered short term and investments with maturities greater than one year are considered long term.

To date, all marketable securities have been classified as available-for-sale and are carried at fair value, with unrealized gains and losses, when material, reported net-of-tax as a separate component of other comprehensive income. Realized gains and losses on available-for-sale securities are included in interest income. The cost of securities sold is based on specific identification. Premiums and discounts are amortized over the period from acquisition to maturity and are included in investment income, along with interest and dividends.

Fair Value of Financial Instruments

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The carrying amounts of certain of Extreme's financial instruments, including cash and equivalents, approximate fair value because of their short maturities. The fair values of investments are determined using quoted market prices for those securities or similar financial instruments (see Note 2).

Transfer of Financial Assets

The Company from time to time transfers specifically identified accounts receivable balances from customers to financing institutions, on a non-recourse basis. The Company records such transfers as sales of the related accounts receivable when it is considered to have surrendered control of such receivables under the provisions of Statement of Financial Accounting Standards No. 125,

"Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The impact of the above transaction reduced receivables and increased cash flows from operating activities in the consolidated statements of cash flows.

Inventories

Inventories consist of raw materials and finished goods and are stated at the lower of cost or market (on a first-in, first-out basis).

Inventories consist of:

	June 30, 2000	June 30, 1999
	-----	-----
Raw materials	\$ 9,501	\$ 700
Finished goods	14,300	1,926
	-----	-----
Total	\$23,801	\$2,626
	=====	=====

Restricted Investments

Extreme restricted \$80.0 million of its investment securities as collateral for specified obligations of the lessee under the operating lease. These investment securities are restricted as to withdrawal and are managed by a third party subject to certain limitations under the Company's investment policy. (See Note 4)

Concentration of Credit Risk, Product and Significant Customers and Supplier Information

Financial instruments that potentially subject Extreme to concentration of credit risk consist principally of marketable investments and accounts receivable. Extreme places its investments only with high-credit quality issuers. Extreme will not invest an amount exceeding 10% of the corporation's combined cash, cash equivalent, short-term and long-term investments, in the securities of any one obligor or maker, except for obligations of the United States, obligations of United States agencies and money market accounts. Extreme performs ongoing credit evaluations of its customers and generally does not require collateral. To date, credit losses have been insignificant and within management's expectations. Extreme operates solely within one business segment, the development and marketing of switching solutions for the Internet economy. For fiscal 2000, there were no customers with sales greater than 10%. For fiscal 1999, Compaq and Hitachi Cable accounted for 21% and 13% of our net revenue, respectively.

One supplier currently manufacturers all of Extreme's ASICs which are used in all of Extreme's networking products. Any interruption or delay in the supply of any of these components, or the inability to procure these components from alternate sources at acceptable prices and within a reasonable time, would materially adversely affect Extreme's business, operating results and financial condition. In addition, qualifying additional suppliers can be time-consuming and expensive and may increase the likelihood of errors. Extreme attempts to mitigate these risks by working closely with its ASIC supplier regarding production planning and product introduction timing.

Extreme currently derives substantially all of its revenue from sales of two product families. Extreme expects that revenue from these two product families will account for a substantial portion of its revenue for the foreseeable future. Accordingly, widespread market acceptance of Extreme's product families is critical to their future success.

Property and Equipment

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets of approximately three years. Property and equipment consist of the following (in thousands):

	June 30,	
	2000	1999
	----	----
Computer and other related equipment.....	\$ 27,257	\$ 8,661
Office equipment, furniture and fixtures.....	1,905	1,090
Software.....	4,956	3,146
Leasehold improvements.....	1,802	1,111
	-----	-----
	35,920	14,008
Less accumulated depreciation and amortization.....	(9,170)	(7,502)
	-----	-----
Property and equipment, net.....	\$ 26,750	\$ 6,506
	=====	=====

Goodwill and Purchased Intangible Assets

We record goodwill when the cost of net assets we acquire exceeds their fair value. Goodwill is amortized on a straight-line basis over lives ranging from 2 to 4 years. The cost of identified intangibles is generally amortized on a straight-line basis over periods ranging from 2 to 4 years. We regularly perform reviews to determine if the carrying value of assets is impaired. The reviews look for the existence of facts or circumstances, either internal or external, which indicate that the carrying value of the asset cannot be recovered. No such impairment has been indicated to date. If, in the future, management determines the existence of impairment indicators, we would use undiscounted cash flows to initially determine whether impairment should be recognized. If necessary, we would perform a subsequent calculation to measure the amount of the impairment loss based on the excess of the carrying value over the fair value of the impaired assets. If quoted market prices for the assets are not available, the fair value would be calculated using the present value of estimated expected future cash flows. The cash flow calculations would be based on management's best estimates, using appropriate assumptions and projections at the time.

The total purchase price of the goodwill and purchased intangible assets was allocated based on an independent appraisal obtained by the Company, to the tangible and intangible assets acquired based on their respective fair values on the date of acquisition as follows (in thousands):

Customer list.....	\$ 4,169
Acquired workforce.....	4,615
Goodwill.....	48,050

	\$56,834
	=====

Revenue Recognition

Extreme generally recognizes product revenue at the time of shipment, unless Extreme has future obligations such as installation or has to obtain customer acceptance. When significant obligations remain after products are delivered, revenue is only recognized after such obligations are fulfilled.

Amounts billed in excess of revenue recognized are included as deferred revenue in the accompanying consolidated balance sheets. Extreme has established a program which, under specified conditions, enables third party resellers to return products to us. The amount of potential product returns is estimated and provided for in the period of the sale. Revenue from service obligations is recognized ratably over the term of the contract period, which is typically 12 months. Extreme makes certain sales to partners in two-tier distribution channels. These customers are generally given privileges to return a portion of inventory and participate in various cooperative marketing programs. Extreme defers recognition of revenue on such sales until the product is sold by the distributors and also maintains appropriate accruals and allowances for all other programs.

Upon shipment of products to its customers, Extreme provides for the estimated cost to repair or replace products that may be returned under warranty. Extreme's warranty period is typically 12 months from the date of

shipment to the end user.

Advertising

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Advertising

We expense advertising costs as incurred. Advertising expenses for the years ended June 30, 2000, 1999 and 1998 were approximately \$2.2 million, \$1.1 million and \$0.4 million, respectively.

Foreign Operations

Extreme's foreign offices consist of sales, marketing and support activities through its foreign subsidiaries and overseas resellers and distributors. Operating income (loss) generated by Extreme's operating foreign subsidiaries and their corresponding identifiable assets were not material in any period presented.

Extreme's export sales represented 45% and 53% of net revenue in 2000 and 1999, respectively. All of the export sales to date have been denominated in U.S. dollars and were derived from sales to Europe and Asia. Extreme recorded export sales over 10% (as a percentage of total net revenue) to the following countries:

	Years Ended June 30,	
	2000	1999
Japan.....	19%	29%
All other export sales to countries totaling less than 10% each.....	26%	24%

Net Income (Loss) Per Share

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

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

	Years Ended June 30,		
	2000	1999	1998
Net income (loss).....	\$ 20,048	\$ (1,617)	\$ (13,936)
Weighted-average shares of common stock outstanding.....	103,734	27,324	22,384
Less: Weighted-average shares subject to repurchase.....	(3,218)	(8,400)	(13,626)
Weighted-average shares used in computing basic net income (loss) per common share.....	100,516	18,924	8,758
Incremental shares using the treasury stock method	10,652	--	--
Weighted-average shares used in computing diluted net income (loss) per common share.....	111,168	18,924	8,758
Basic net income (loss) per common share.....	\$ 0.20	\$ (0.09)	\$ (1.59)
Diluted net income (loss) per common share.....	\$ 0.18	\$ (0.09)	\$ (1.59)

Share and per-share data presented reflect the two-for-one stock split effective to stockholders of record on August 10, 2000.

Accounting for Stock-Based Compensation

Extreme's grants of stock options are for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the date of grant. As permitted under SFAS Statement No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), Extreme accounts for stock option grants to employees and directors in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and, accordingly, recognizes no compensation expense for stock option grants with an exercise price equal to the fair value of the shares at the date of grant.

Recently Issued Accounting Standards

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("FAS 131") effective for financial statements for periods beginning after December 15, 1997.

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FAS 131 establishes standards for the way that public business enterprises report financial and descriptive information about reportable operating segments in annual financial statements and interim financial reports issued to shareholders. FAS 131 supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," but retains the requirement to report information about major customers. Extreme has determined that it has a single reportable segment. Management uses one measurement of profitability and does not disaggregate its business for internal reporting.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). FAS 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", which extended the deferral of the application of FAS 133 to all fiscal quarters of fiscal years beginning after June 15, 2000. In June 15, 2000 the FASB also issued FAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities) an Amendment to FASB Statement No. 133". FAS 138 amends the accounting and reporting standards of Statement 133 for certain derivative instruments and certain hedging activities. The Company will be required to adopt these pronouncements for the year ending June 30, 2001. Because the Company currently holds no derivative financial instruments and does not currently engage in hedging activities, adoption of FAS 133 and 138 are expected to have no material impact on the Company's financial condition or results of operations.

In December 1999, the Staff of the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No.101, "Revenue Recognition in Financial Statements", which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The implementation of SAB 101 has recently been deferred to no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. Extreme is presently evaluating the potential impact of the adoption of SAB 101.

In March 2000, the FASB issued Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions involving Stock Compensation - an interpretation of APB Opinion No. 25" (Interpretation No. 44). Interpretation No. 44 is effective July 1, 2000. The interpretation clarifies the application of APB Opinion No. 25 for certain issues, specifically, (a) the definition of an employee, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange or stock compensation awards in a business combination. We do not anticipate that the adoption of Interpretation No. 44 will have a material impact on our financial position or the results of our operations.

2) Financial Instruments

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

	Amortized Cost	Fair Value	Unrealized Holding Gains	Unrealized Holding Losses
June 30, 2000:				
Money market fund.....	\$ 12,372	\$ 12,372	\$ --	\$ --
Commercial paper.....	71,929	71,889	--	(40)
U.S. corporate debt securities.....	107,994	107,410	29	(613)
U.S. government agencies.....	9,800	9,809	11	(2)
U.S. tax exempt securities.....	10,000	10,000	--	--
	<u>\$ 212,095</u>	<u>\$211,480</u>	<u>\$ 40</u>	<u>\$ (655)</u>
Classified as:				
Cash equivalents.....	\$ 100,736	\$100,696	\$ --	\$ (40)
Short-term investments.....	66,976	66,640	26	(362)
Investments.....	44,383	44,144	14	(253)
	<u>\$ 212,095</u>	<u>\$211,480</u>	<u>\$ 40</u>	<u>\$ (655)</u>
June 30, 1999:				
Money market fund.....	\$ 2	\$ 2	\$ -	\$ --

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	Amortized Cost	Fair Value	Unrealized Holding Gains	Unrealized Holding Losses
Commercial paper.....	110,265	110,241	--	(24)
U.S. corporate debt securities.....	15,885	15,797	--	(88)
U.S. government agencies.....	300	300	--	--
	<u>\$126,452</u>	<u>\$126,340</u>	<u>\$ --</u>	<u>\$ (112)</u>
Classified as:				
Cash equivalents.....	\$ 93,840	\$ 93,821	\$ --	\$ (19)
Short-term investments.....	16,427	16,422	--	(5)
Investments.....	16,185	16,097	--	(88)
	<u>\$126,452</u>	<u>\$126,340</u>	<u>\$ --</u>	<u>\$ (112)</u>

3) Business Combinations and Investments

During the fiscal year ended June 30, 2000, Extreme acquired certain assets of a Company for a total cost of approximately \$2.5 million of which \$1.1 million has been paid. Extreme accounted for the acquisition using the purchase method of accounting, and incurs charges of approximately \$157,000 per quarter related to the amortization of goodwill over the estimated useful life of four years. The entire purchase price was allocated to goodwill and purchased intangibles. Extreme recorded approximately \$261,000 for amortization related to this acquisition in the year ended June 30, 2000.

In April 2000, Extreme issued fully earned, non-forfeitable, fully exercisable warrants with a two year life to purchase 3 million shares of Extreme's common stock with an exercise price of \$39.50 per share to a networking company in consideration of the networking company's selection of Extreme as the preferred vendor of next generation core backbone switching products to a certain group of the networking company's customers. The fair value of the warrants was approximately \$54.3 million. The warrants were valued under a Black-Scholes model, using a volatility assumption of 1.04% and a two-year term. The value of the warrants is being amortized over approximately two years, which is the estimated economic life of the acquired intangibles, comprising of customer list, workforce and goodwill.

Extreme made several additional investments during the year ended June 30, 2000 totaling \$7.7 million, which are reflected in "Other assets" in the accompanying consolidated balance sheets. Two investments were made in entities in which a related party of Extreme is also a significant investor. These investments totaled \$3.4 million, net of Extreme's share of these affiliates' losses of \$0.3 million. As these investments are being accounted for under the

equity-method, the revenue and operating costs of these entities have not been included in Extreme's results from operations, however Extreme's share of these affiliates' losses have been included in other expense from the closing date of the related transactions forward. Pursuant to the terms of these two agreements, Extreme has certain rights to acquire the remaining shares of these entities under certain conditions for additional consideration. Under the terms of one of these equity investments, Extreme has been granted the right at any time prior to December 31, 2000 to purchase all of the outstanding capital stock and options for shares of Extreme common stock. Upon the attainment of certain technological milestones, the terms of one investment will obligate Extreme to purchase all the outstanding capital stock in fiscal 2001, payable in any combination of cash or shares of Extreme common stock. At June 30, 2000 the possibility of attainment of any of the technical milestones was remote. The remaining \$4.3 million of investments at June 30, 2000 are being accounted for under the cost method. We expect to continue to make additional investments in the future.

4) Commitments

Extreme currently has outstanding fiscal year 2001 non-cancelable purchase order commitments for materials of approximately \$73.3 million. The fiscal year 2000 purchase orders have been fulfilled and the related invoices have been accrued as of June 30, 2000. This expense is included within cost of revenue in the year ended June 30, 2000.

In June 2000, we entered into an operating lease agreement to lease 275,000 square feet to house our primary facility in Santa Clara, California. Our lease payments will vary based on the LIBOR plus a spread which was 7.14% at June 30, 2000. Our lease payments are estimated to be approximately \$5.7 million on an annual basis over the lease term. The lease is for five years and can be renewed for two five-year periods, subject to the approval of the lessor. At the expiration or termination of the lease, we have the option to either purchase the property for \$80.0 million, or arrange for the sale of the property to a third party for at least \$80.0 million with a contingent liability for any deficiency. If the property is not purchased or sold as described above, we will be obligated for an additional lease payment of approximately \$68.0 million.

As part of the above lease transaction, Extreme restricted \$80.0 million of its investment securities as collateral for specified obligations of the lessor under the lease. These investment securities are restricted as to withdrawal and are managed by a third party subject to certain limitations under Extreme's investment policy. The lease also requires us to maintain specified financial covenants with which we were in compliance as of June 30, 2000.

Future payments under all noncancelable leases (net of future committed sublease proceeds of \$9,161) at June 30, 2000 are as follows (in thousands):

Years ending June 30:

2001.....	\$ 2,691
2002.....	2,758
2003.....	5,200
2004.....	6,504
2005.....	6,242

Total minimum payments.....	\$23,395
	=====

Rent expense was approximately \$2.9 million, \$0.7 million and \$0.8 million for 2000, 1999 and 1998, respectively. Sublease income for the years ended 2001, 2002 and 2003 was \$3.9 million, \$3.9 million and \$1.4 million, respectively. These amounts were netted from the amounts in the above schedule.

5) Stockholders' Equity

Common Stock Offering

In April 1999, Extreme completed an initial public offering of 16,100,000 shares of common stock (including the underwriters' over-allotment provision) at a price of \$8.50 per share. Concurrent with the initial public offering, all outstanding shares of preferred stock were converted to a total of 58,122,630 shares of common stock. Net proceeds from the offering were approximately \$125.3

million net of offering costs.

On October 20, 1999, Extreme announced the completion of a secondary public offering of approximately 15 million shares (including the underwriters' over-allotment provision) of its common stock at a price of \$38.50 per share. Of these shares, Extreme sold 4,745,416 shares and existing stockholders sold 10,204,584 shares. Extreme raised approximately \$174.0 million net of offering costs.

Preferred Stock

The number of shares of preferred stock authorized to be issued at June 30, 2000 is 2,000,000 with a par value of \$0.001 per share. The preferred stock may be issued from time to time in one or more series. The board of directors is authorized to provide for the rights, preferences and privileges of the shares of each series and any qualifications, limitations or restrictions on these shares. As of June 30, 2000, no shares of preferred stock had been issued.

Common Stock

In May 1996, Extreme issued 9,450,000 shares of common stock to founders for cash. The common stock is subject to repurchase until vested; vesting with respect to 25% occurs on the first anniversary of the issuance date, with the balance vesting ratably over a period of three years as specified in the purchase agreements. At June 30, 1999, approximately 1,182,000 shares were subject to repurchase at their original issuance price (none at June 30, 2000).

Warrants

In November 1996, Extreme issued warrants to a lease financing company to purchase 420,000 shares of Series A convertible preferred stock with an exercise price of \$.17 per share, in consideration for equipment leases and a loan. In July 1997, Extreme issued warrants to the same lease financing company to purchase 96,694 shares of Series B convertible preferred stock with an exercise price of \$.69 per share, in consideration for equipment leases. Concurrent with the initial public offering, these warrants converted into the

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right to purchase equivalent number of shares of common stock at the same exercise price per share. The warrants may be exercised at any time within a period of (i) 10 years or (ii) 5 years from the effective date of the initial public offering, whichever is longer. In May 1999, 294,000 of these warrants were exercised. In August 1999, 222,694 of these warrants were exercised.

In November 1997, Extreme issued warrants to a lease financing company to purchase 158,102 shares of Series C convertible preferred stock with an exercise price of \$1.27, in consideration for a loan. Concurrent with the initial public offering, these warrants converted into the right to purchase equivalent number of shares of common stock at the same exercise price per share. The warrants may be exercised at any time within a period which expires the sooner of (i) 10 years or (ii) 3 years from the effective date of the initial public offering. In August 1999, all of the 158,102 warrants were exercised.

In June 1999, Extreme issued fully vested, non-forfeitable and exercisable warrants to a business partner to purchase 80,000 shares of Extreme's common stock with an exercise price of \$29.03 per share. The fair value of these warrants was approximately \$948,000. This value was expensed in fiscal 1999 as the warrants were issued in exchange for services rendered.

As discussed in Note 3, in April 2000, Extreme issued fully earned, non-forfeitable, fully exercisable warrants with a two year life to purchase 3 million shares of Extreme's common stock with an exercise price of \$39.50 per share.

In June 2000, Extreme issued fully vested, non-forfeitable and exercisable options to consultants to purchase 120,000 shares of Extreme's common stock with an exercise price of \$14.02 per share. The fair value of these options was approximately \$1.7 million. The options were valued under a Black-Scholes model, using a volatility assumption of 1.04%. This amount will be amortized over two years as the services are rendered. The compensation expense for the year ended June 30, 2000 was \$176,000.

Deferred Stock Compensation

During the year ended June 30, 1998, in connection with the grant of certain stock options to employees, Extreme recorded deferred stock compensation of \$437,000 representing the difference between the exercise price and the deemed fair value of Extreme's common stock on the date such stock options were granted. Such amount is included as a reduction of stockholders' equity and is being amortized by charges to operations on a graded vesting method. Extreme recorded amortization of deferred stock compensation expense of approximately \$119,000, \$172,000 and \$68,000 for the years ended June 30, 2000, 1999 and 1998, respectively. At June 30, 2000, Extreme had a total of approximately \$78,000 remaining to be amortized over the corresponding vesting period of each respective option, generally four years. The amortization expense relates to options awarded to employees in all operating expense categories.

Amended 1996 Stock Option Plan

In January 1999, the board of directors approved an amendment to the 1996 Stock Option Plan (the "Plan") to (i) increase the share reserve by 10,000,000 shares, (ii) to remove certain provisions which are required to be in option plans maintained by California privately-held companies and (iii) to rename the Plan as the "Amended 1996 Stock Option Plan."

Under the Plan, which was originally adopted in September 1996, options may be granted for common stock, pursuant to actions by the board of directors, to eligible participants. A total of 34,028,618 shares have been reserved under the Plan. Options granted are exercisable as determined by the board of directors. Options vest over a period of time as determined by the board of directors, generally four years. The term of the Plan is ten years. Options to purchase approximately 1,470,286 and 4,655,558 shares of common stock have been exercised as of June 30, 2000 and 1999, respectively, but are subject to repurchase until vested. As of June 30, 2000, 3,834,388 shares were available for future grant under the Plan.

2000 Stock Option Plan

In March 2000, the board of directors adopted the 2000 Nonstatutory Stock Option Plan (the "Plan"). Options may be granted for common stock, pursuant to actions by the board of directors, to eligible participants. A total of 4,000,000 shares have been reserved under the Plan. Options vest over a period of time as determined by the board of directors, generally four years. The term of the Plan is ten years.

The following table summarizes stock option activity under all plans:

	Number of Shares -----	Weighted- Average Exercise Price Per Share -----
Options outstanding at June 30, 1997.....	3,151,500	\$.03
Granted.....	3,542,920	\$.65
Exercised.....	(1,449,550)	\$.11
Canceled.....	(37,000)	\$.18

Options outstanding at June 30, 1998.....	5,207,870	\$.42
Granted.....	5,875,516	\$ 5.05
Exercised.....	(1,135,600)	\$.93
Canceled.....	(190,252)	\$ 3.34

Options outstanding at June 30, 1999.....	9,757,534	\$ 3.04
Granted.....	12,404,750	\$ 33.99
Exercised.....	(2,392,472)	\$ 1.23
Canceled.....	(1,374,704)	\$ 26.91

Options outstanding at June 30, 2000.....	18,395,108	\$ 22.74
	=====	

Options to purchase 6,721,582 and 9,368,034 shares were exercisable at June

30, 2000 and 1999, respectively, with a weighted-average exercise price of \$3.75 and \$2.22, respectively.

The following table summarizes significant ranges of outstanding and exercisable options at June 30, 2000:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life (In years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$ 0.01 - 2.88	3,854,758	7.32	\$ 1.43	3,854,758	\$ 1.43
\$ 3.25 - 28.00	3,869,580	8.63	\$ 11.15	2,769,948	\$ 5.96
\$ 28.03 - 32.57	1,896,868	9.25	\$ 29.97	8,126	\$ 29.03
\$ 32.72 - 33.32	4,051,500	9.39	\$ 33.30	88,750	\$ 33.32
\$ 33.57 - 57.50	4,722,402	8.87	\$ 37.66	--	\$ --
\$ 0.01 - 57.50	18,395,108	8.65	\$ 22.74	6,721,582	\$ 3.75

1999 Employee Stock Purchase Plan

In January 1999, the board of directors approved the adoption of Extreme's 1999 Employee Stock Purchase Plan (the "1999 Purchase Plan"). A total of 2,000,000 shares of common stock have been reserved for issuance under the 1999 Purchase Plan. The 1999 Purchase Plan permits eligible employees to acquire shares of Extreme's common stock through periodic payroll deductions of up to 15% of total compensation. No more than 1,250 shares may be purchased on any purchase date per employee. Each offering period will have a maximum duration of 12 months. The price at which the common stock may be purchased is 85% of the lesser of the fair market value of Extreme's common stock on the first day of the applicable offering period or on the last day of the respective purchase period. The initial offering period commenced on the effectiveness of the initial public offering and ended on April 30, 2000. Through June 30, 2000, 470,978 shares were purchased under the 1999 Purchase Plan.

Stock-Based Compensation

Extreme has elected to continue to follow APB 25 and related interpretations in accounting for its employee and director stock-based compensation plans. Because the exercise price of Extreme's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense has been recognized.

Pro forma information regarding net income (loss) has been determined as if Extreme had accounted for its stock-based awards to employees under the fair value method prescribed by FAS 123. The resulting effect on pro forma net income (loss) disclosed is not

likely to be representative of the effects on net income (loss) on a pro forma basis in future years, due to subsequent years including additional grants and years of vesting.

Prior to Extreme's initial public offering, the fair value of each option grant was determined on the date of grant using the minimum value method. Subsequent to the offering, the fair value of Extreme's stock-based awards to employees has been estimated using the Black-Scholes option pricing model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The Black-Scholes model requires the input of highly subjective assumptions including the expected stock price volatility. Because Extreme's stock-based awards have characteristics significantly different from those in traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of Extreme's stock-based awards. The following weighted-average assumptions were used to estimate fair value:

	Stock Option Plan			Employee Stock Purchase Plan		
	Years Ended June 30,			Years Ended June 30,		
	2000	1999	1998	2000	1999	1998
Expected life	3.4 yrs	3.5 yrs	6.0 yrs	0.6yrs	0.7 yrs.	--
Volatility	1.12%	55%	--	1.12%	55%	--
Risk-free interest rate	6.3%	5.1%	6.0%	5.4%	5.0%	--

The weighted-average estimated fair value of options granted in the years ended June 30, 2000, 1999 and 1998 was \$24.23 \$2.21 and \$0.19, respectively. The weighted-average estimated fair value of shares granted under the 1999 Purchase Plan in the years ended June 30, 2000 and 1999 was \$7.51 and \$2.81, respectively.

For purposes of pro forma disclosures, the estimated fair value of options is amortized to pro forma expense over the options' vesting period. Pro forma information follows (in thousands, except per share amounts):

	Years Ended June 30,		
	2000	1999	1998
Pro forma net loss under FAS 123.....	\$ (31,088)	\$ (4,066)	\$ (14,053)
Net loss per common share - pro forma under FAS 123:			
Basic and diluted.....	\$ (0.32)	\$ (0.22)	\$ (1.61)

6) Income Taxes

Due to operating losses and the inability to recognize the benefits therefrom, there was no tax provision for the year ended June 30, 1998.

The provision for income taxes for the years ended June 30, 2000 and 1999 consists of the following (in thousands):

	Years Ended June 30,	
	2000	1999
Current:		
Federal.....	\$ 24,811	\$ 350
State.....	2,026	200
Foreign.....	306	1,100
Total current	\$ 27,143	\$ 1,650
Deferred:		
Federal	\$ (15,497)	\$ -
State	(1,325)	-
Total deferred	\$ (16,822)	\$ -
Provision for income taxes	\$ 10,321	\$ 1,650

The tax benefit resulting from the exercise of nonqualified stock options and the disqualifying dispositions of shares acquired under Extreme's incentive stock option plans was \$21,600,000 for the year ended June 30, 2000. Such benefit was credited to additional paid-in capital.

Pretax loss from foreign operations was \$10,663,288 and \$7,021,204 in the years ended June 30, 2000 and 1999, respectively.

The difference between the provision for income taxes and the amount computed by applying the Federal statutory income tax rate (35 percent) to income before taxes is explained below (in thousands):

	Years Ended June 30,		
	2000	1999	1998
	----	----	----
Tax at federal statutory rate (benefit).....	\$ 10,666	\$ 11	\$ (4,878)
State income tax.....	1,018	200	--
Federal alternative minimum taxes.....	--	350	--
Foreign taxes.....	69	1,100	--
Unbenefited (utilized) net operating losses.....	(773)	(11)	4,878
Tax credits.....	(1,576)	--	--
Valuation allowance decrease.....	(5,148)	--	--
Unbenefited foreign loss.....	3,974	--	--
Other.....	2,091	--	--
	-----	-----	-----
Total.....	\$ 10,321	\$ 1,650	\$ --
	=====	=====	=====

Significant components of Extreme's deferred tax assets are as follows (in thousands):

	Years Ended June 30,	
	2000	1999
	----	----
Deferred tax assets:		
Net operating loss carryforwards.....	\$ 431	\$ 1,647
Tax credit carryforwards.....	2,358	2,238
Depreciation.....	1,951	407
Deferred revenue.....	3,545	373
Warrant amortization.....	2,673	--
Other reserves and accruals	7,500	3,887
	-----	-----
Total deferred tax assets.....	18,458	8,552
Valuation allowance.....	--	(8,552)
	-----	-----
Net deferred tax assets.....	\$ 18,458	\$ --
	=====	=====

The net valuation allowance decreased by \$8,522,000 and \$1,019,000 during the years ended June 30, 2000 and 1999, respectively.

As of June 30, 2000, Extreme had net operating loss carryforwards for state tax purposes of approximately \$7,500,000. Extreme also had federal and state research and development tax credit carryforwards of approximately \$1,000,000 and \$1,800,000, respectively. The state net operating loss carryforwards will expire in 2004, if not utilized.

Utilization of the net operating losses and tax credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and tax credits before utilization.

7) Comprehensive Income (Loss)

The following are the components of accumulated other comprehensive loss, net of tax (in thousands):

	2000	1999	1998
--	------	------	------

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Unrealized gain (loss) on investments.....	\$ (615)	\$ (112)	\$ --
Foreign currency translation adjustments.....	(8)	(6)	--
Accumulated other comprehensive loss.....	\$ (623)	\$ (118)	\$ --

The following schedule of other comprehensive income (loss) shows the gross current-period gain (loss) and the reclassification adjustment (in thousands):

	Years Ended June 30,		
	2000	1999	1998
Unrealized gain (loss) on investments:			
Unrealized gain (loss) on available-for-sale securities.....	\$ (508)	\$ (112)	\$ --
Less: reclassification adjustment for gain (loss) realized in net income (loss).....	5	--	--
Net unrealized gain (loss) on investments.....	(503)	(112)	--
Foreign currency translation adjustments.....	(2)	(6)	--
Other comprehensive income (loss).....	\$ (505)	\$ (118)	\$ --

8) 401(k) Plan

Extreme provides a tax-qualified employee savings and retirement plan, commonly known as a 401(k) plan, which covers our eligible employees. Pursuant to the 401(k) plan, employees may elect to reduce their current annual compensation up to the lesser of 20% or the statutorily prescribed limit, which is \$10,000 in calendar year 2000, and have the amount of the reduction contributed to the 401(k) plan.

9) Subsequent Event

On July 19, 2000 Extreme announced a two-for-one stock split in the form of a stock dividend to be paid on August 24, 2000 to stockholders of record on August 10, 2000. All share and per share data have been restated to give retroactive effect to this stock split.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

PART III

Certain information required by Part III is incorporated by reference from the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the Company's 2000 Annual Meeting of Stockholders (the "Proxy Statement").

Item 10. Directors and Executive Officers of the Registrant.

The information required by this section is incorporated by reference from the information in the section entitled "Proposal 1-Election of Directors" in the Proxy Statement. The required information concerning executive officers of the Company is contained in the section entitled "Executive Officers of the Registrant" in Part I of this Form 10-K.

Item 405 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16 of the Exchange

Act. This disclosure is contained in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this section is incorporated by reference from the information in the sections entitled "Proposal 1-Election of Directors -- Directors' Compensation", "Executive Compensation" and "Stock Price Performance Graph" in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this section is incorporated by reference from the information in the section entitled "Proposal 1- Election of Directors- Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

The information required by this section is incorporated by reference from the information in the section titled "Certain relationships and related transactions" in the Proxy statement.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) The following documents are filed as a part of this Form 10-K:

(1) Financial Statements:

Reference is made to the Index to Consolidated Financial Statements of Extreme Networks, Inc. under Item 8 in Part II of this Form 10-K.

(2) Financial Statement Schedules:

The following financial statement schedule of Extreme Networks, Inc. for the years ended June 30, 2000, 1999 and 1998 is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements of Extreme Networks, Inc.

	Reference Page
Schedule II-- Valuation and Qualifying Accounts.....	52

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Exhibits:

The exhibits listed below are required by Item 601 of Regulation S-K. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K has been identified.

Exhibit Number	Notes	Description of Document
2.1	(1)	Form of Agreement and Plan of Merger between Extreme Networks, a California corporation, and Extreme Networks, Inc., a Delaware corporation.
3.1	(1)	Certificate of Incorporation of Extreme Networks, Inc., a Delaware Corporation.
3.2	(1)	Form of Certificate of Amendment of Certificate of Incorporation of Extreme Networks, Inc., a Delaware Corporation.
3.3	(1)	Form of Amended and Restated Bylaws of Extreme Networks, Inc., a Delaware Corporation.
4.1	(1)	Second Amended and Restated Rights Agreement dated January 12, 1998 between Extreme Network and certain stockholders.
10.1	(1)	Form of Indemnification Agreement for directors and

- officers.
- 10.2 (1) Amended 1996 Stock Option Plan and forms of agreements thereunder.*
- 10.3 (1) 1999 Employee Stock Purchase Plan.*
- 10.4 (1) Sublease, dated June 5, 1997 between NetManage, Inc. and Extreme Networks, Inc., a California corporation, to Master Lease, dated September 30, 1994, between Cupertino Industrial Associates and NetManage, Inc.
- 10.5 (1) Sublease, dated January 1, 1999 between Apple Computer, Inc., a California corporation, and Extreme Networks, Inc., a California corporation, to Lease Agreement, as amended.

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- 10.6 Form of Warrant to Purchase Common Stock between 3Com Corporation and Extreme Networks, Inc.
- 10.7 Form of 2000 Nonstatutory Stock Option Plan.*
- 10.8 Form of Lease Agreement (Land) dated June 1, 2000 by and between BNP Leasing Corporation, a Delaware corporation ("BNPLC") and Extreme Networks, Inc. a Delaware corporation ("Extreme").
- 10.9 Form of Lease Agreement (Improvements) dated June 1, 2000, executed by and between BNPLC and Extreme.
- 10.10 Form of Purchase Agreement (Land) dated to be effective as of June 1, 2000, executed by and between BNPLC and Extreme.
- 10.11 Form of Purchase Agreement (Improvements) dated to be effective as of June 1, 2000, executed by and between BNPLC and Extreme.
- 10.12 Form of Pledge Agreement (Land) dated to be effective as of June 1, 2000, among BNPLC, BNP Paribas (as Agent), and Extreme.
- 10.13 Form of Pledge Agreement (Improvements) dated to be effective as of June 1, 2000, among BNPLC, BNP Paribas (as Agent), and Extreme.
- 21.1 Subsidiaries of Registrant.
- 23.1 Consent of Ernst and Young LLP, Independent Auditors.
- 24.1 Power of Attorney (see page 53 of this Form 10-K).
- 27.1 Financial Data Schedule (available in EDGAR format only).

* Indicates management contract or compensatory plan or arrangement.

(1) Incorporated by reference from the Registrant's Registration Statement on Form S-1 (File No. 333-71921).

(b) Reports on Form 8-K:

No reports on form 8-K were filed by the Company during the three months ended June 30, 2000.

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SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS YEARS ENDED JUNE 30, 2000, 1999 AND 1998 (In thousands)

Description	Balance at beginning of period	Charged to costs and expenses	Reversals to costs and expenses	(Deductions)	Balance at end of period
Allowance for doubtful accounts					
2000.....	\$1,374	\$ --	\$ --	\$ (137)	\$ 1,237
1999.....	433	1,364	--	(423)	1,374
1998.....	--	470	--	(37)	433

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on September 28, 2000.

EXTREME NETWORKS, INC.
(Registrant)

By: /s/ GORDON L. STITT

Gordon L. Stitt
President
Chief Executive Officer
Chairman of the Board
September 28, 2000

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Gordon L. Stitt and Vito E. Palermo, and each of them, his or her true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated:

/s/ GORDON L. STITT

Gordon L. Stitt
President, Chief Executive Officer
Chairman of the Board
September 28, 2000

/s/ PROMOD HAQUE

Promod Haque
Director
September 28, 2000

/s/ VITO E. PALERMO

Vito E. Palermo
Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)
September 28, 2000

/s/ LAWRENCE K. ORR

Lawrence K. Orr
Director
September 28, 2000

/s/ CHARLES CARINALLI

Charles Carinalli
Director
September 28, 2000

/s/ PETER WOLKEN

Peter Wolken
Director
September 28, 2000

EXHIBIT INDEX

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(1) Incorporated by reference from the Registrant's Registration Statement on Form S-1 (File No. 333-71921).

WARRANT

WARRANT NO. 2

THIS WARRANT OR THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS WARRANT, OR THE SHARES ISSUABLE HEREUNDER, MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION THEREUNDER.

EXTREME NETWORKS, INC.

WARRANT TO PURCHASE COMMON STOCK
Void after April 3, 2002

This certifies that, for value received, 3Com Corporation or registered assigns ("Holder") is entitled, subject to the terms set forth below, to purchase from Extreme Networks, Inc. (the "Company"), a Delaware corporation, 1,500,000 shares (such number of shares being referred to herein as the "Original Amount") of the Common Stock of the Company (the "Common Stock"), as constituted on the date hereof (the "Warrant Issue Date"), upon surrender hereof, at the principal office of the Company referred to below, with the notice of exercise form attached hereto duly executed, and simultaneous payment therefor in lawful money of the United States or otherwise as hereinafter provided, at the Exercise Price as set forth in Section 2 below. The Original Amount, character and Exercise Price of such shares of Common Stock are subject to adjustment as provided below. The term "Warrant" as used herein shall include this Warrant, and any warrants delivered in substitution or exchange therefor as provided herein.

1. Term of Warrant.

(a) Subject to the terms and conditions set forth herein and compliance with any applicable regulatory requirements, this Warrant shall be exercisable, in whole or in part, at any time during the term commencing on April 3, 2000 and ending at 5:00 p.m., Pacific standard time, on April 3, 2002 (the "Expiration Date"), and, except as otherwise provided herein, shall be void thereafter. This Warrant shall expire earlier upon the closing of an event in which more than fifty percent (50%) of the Company's assets or capital stock is acquired by or merged into another corporation that is not under direct or indirect control of the persons who are the shareholders of the Company immediately prior to such acquisition or merger, provided that Holder is given at least 20 days prior written notice of such acquisition or merger in which to exercise this Warrant in advance of its expiration.

(b) In the event that the Expiration Date of this Warrant falls on a day which is not a Business Day, the Expiration Date shall be adjusted to the Business Day immediately following such Expiration Date. As used herein, the term "Business Day" means each day other

than a Saturday, Sunday or other day on which banks in the location of the principal office of the Company are legally authorized to close.

2. Exercise Price. The Exercise Price at which this Warrant may be

exercised shall be \$79.00 per share of Common Stock, as adjusted from time to time pursuant to Section 11 hereof (the "Exercise Price").

3. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the Holder in whole or in part subject to compliance with applicable regulatory requirements, at any time and from time to time, during the term

hereof as described in Section 1 above, by the surrender of this Warrant and the Notice of Exercise annexed hereto duly completed and executed on behalf of the Holder, at the office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), upon payment (i) in cash or by check acceptable to the Company, (ii) by cancellation by the Holder of indebtedness of the Company to the Holder, or (iii) by a combination of (i) and (ii), of an amount equal to the then applicable Exercise Price per share multiplied by the number of shares then being purchased. For so long as the Company remains a publicly listed company, the Holder may pay the Exercise Price of the Warrant (i) by surrendering to the Company shares of the Company's Common Stock having a value equal to the Exercise Price of the Warrant being exercised or (ii) by directing the Company to apply toward payment of the Exercise Price from the number of shares of the Common Stock for which the Warrant is being exercised, shares of the Common Stock having a value equal to the Exercise Price of the Warrant being exercised. For purposes of this Section 3, the value of each share of Common Stock shall be the average of the daily closing prices of the Common Stock for the five consecutive Trading Days ending on the Trading Day preceding the date of such exercise. As used herein the term "Trading Days" with respect to Common Stock means (i) if the Common Stock is quoted on the NASDAQ Stock Markets, Inc. any similar system of automated dissemination of quotations of securities prices, days on which trades may be made on such system or (ii) if the Common Stock is listed or admitted for trading on any national securities exchange, days on which such national securities exchange is open for business.

(b) This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above, and the person entitled to receive the shares of Common Stock issuable upon such exercise shall be treated for all purposes as the holder of record of such shares as of the close of business on such date. As promptly as practicable on or after such date and in any event within ten (10) days thereafter, the Company, at its expense, shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of shares issuable upon such exercise. In the event that this Warrant is exercised in part, the Company, at its expense, will execute and deliver a new Warrant of like tenor exercisable for the number of shares for which this Warrant may then be exercised.

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4. Fractional Shares. No fractional shares will be issued in connection

with any exercise of this Warrant, and the number of shares to which the Holder is entitled upon exercise of this Warrant shall be rounded down to the nearest whole number.

5. Replacement of Warrant. On receipt of evidence reasonably

satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount.

6. No Rights as Stockholder. Subject to Sections 9 and 11 of this

Warrant, the Holder shall not be entitled to vote or receive dividends pursuant to this Warrant or be deemed the holder of Common Stock pursuant to this Warrant, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, or change of stock to no par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised as provided herein.

7. Transfer of Warrant. As this warrant is issued in furtherance of the

relationship between the Company and the initial Holder, this warrant may not be transferred without the written approval of the Company, which consent may be withheld for any reason.

(a) The Company will maintain a register (the "Warrant Register") containing the names and addresses of the Holder or Holders. Any Holder of this Warrant or any portion thereof may change his address as shown on the Warrant Register by written notice to the Company requesting such change. Any notice or written communication required or permitted to be given to the Holder may be delivered or given by mail to such Holder as shown on the Warrant Register and at the address shown on the Warrant Register. Until this Warrant is transferred on the Warrant Register of the Company, the Company may treat the Holder as shown on the Warrant Register as the absolute owner of this Warrant for all purposes, notwithstanding any notice to the contrary.

(b) The Company may, by written notice to the Holder, appoint an agent for the purpose of maintaining the Warrant Register referred to in Section 7(a) above, issuing the Common Stock or other securities then issuable upon the exercise of this Warrant, exchanging this Warrant, replacing this Warrant, or any or all of the foregoing. Thereafter, any such registration, issuance, exchange, or replacement, as the case may be, shall be made at the office of such agent.

(c) This Warrant may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee. Subject to the provisions of this Warrant with respect to compliance with the Securities Act of 1933, as amended (the "Act"), title to this Warrant may be transferred by

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endorsement (by the Holder executing the Assignment Form annexed hereto) and delivery in the same manner as a negotiable instrument transferable by endorsement and delivery.

(d) On surrender of this Warrant for exchange, properly endorsed on the Assignment Form and subject to the provisions of this Warrant with respect to compliance with the Act and with the limitations on assignments and transfers contained in this Section 7, the Company at its expense shall issue to or on the order of the Holder a new warrant or warrants of like tenor, in the name of the Holder or as the Holder (on payment by the Holder of any applicable transfer taxes) may direct, for the number of shares issuable upon exercise hereof.

(e) The Holder of this Warrant, by acceptance hereof, acknowledges that the Holder will not offer, sell or otherwise dispose of this Warrant or any shares of Common Stock to be issued upon exercise hereof except in compliance with the registration requirements of the Act, subject, nevertheless, to the disposition of the Holder's property being at all times within its control.

(f) This Warrant and all shares of Common Stock issued upon exercise hereof (unless registered under the Act) shall be stamped or imprinted with a legend in substantially the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION THEREUNDER.

8. Reservation of Stock; Stock Fully Paid. The Company covenants that

during the term this Warrant is exercisable, the Company will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of Common Stock upon the exercise of this Warrant and, from time to time, will take all steps necessary to amend its Certificates of Incorporation (the "Certificates") to provide sufficient reserves of shares of Common Stock issuable upon exercise of the Warrant and will refrain from effecting any amendment to the Certificates which in any manner would affect the rights or privileges of the holders of its Common Stock. The Company further covenants that all shares that may be issued upon the exercise of rights represented by this Warrant, upon exercise of the rights represented by this Warrant and payment of the Exercise Price, all as set forth herein, will be duly authorized, validly issued, fully paid and nonassessable, and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously). The Company agrees that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue

the necessary certificates for shares of Common Stock upon the exercise of this Warrant.

9. Notices.

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(a) Whenever the Exercise Price or number of shares purchasable hereunder shall be adjusted pursuant to Section 11 hereof, the Company shall issue a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Exercise Price and number of shares purchasable hereunder after giving effect to such adjustment, and shall cause a copy of such certificate to be mailed (by first-class mail, postage prepaid) to the Holder of this Warrant.

(b) In case: (i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right, or

(ii) of any capital reorganization of the Company, any stock split or subdivision, or reverse stock split or combination, or any similar event involving the Common Stock, any reclassification of the capital stock of the Company, any consolidation or merger of the Company with or into another corporation, or any sale, transfer or other conveyance of all or substantially all of the assets of the Company to another corporation, or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company, then, and in each such case, the Company will mail or cause to be mailed to the Holder or Holders a notice specifying, as the case may be, (A) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (B) the date on which a record is to be taken for determining stockholders entitled to vote upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up. Such notice shall be mailed at least 10 days prior to the date therein specified.

(c) All such notices, advices and communications shall be deemed to have been received (i) in the case of personal delivery, on the date of such delivery and (ii) in the case of mailing, on the third business day following the date of such mailing.

10. Amendments.

(a) This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

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(b) No waivers of, or exceptions to, any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

11. Adjustments.

(a) The Exercise Price and the number of shares purchasable hereunder shall be subject to adjustment from time to time as follows:

(i) The Exercise Price shall be adjusted from time to time in the case of any stock split, subdivision of the number of shares of the Common Stock or similar event involving Common Stock (a "Split") or any reverse stock split, combination or similar event involving the Common Stock (a "Combination") and, accordingly, the Exercise Price shall be proportionately decreased in the case of a Split or increased in the case of a Combination, as of the close of business on the date the Split or Combination becomes effective, computed to the nearest cent.

(ii) In case of any reclassification or change of outstanding shares of Common Stock (except a split or combination, or a change in par value, or a change from par value to no par value, or a change from no par value to par value), or in case of any consolidation or merger to which the Company is a party (other than a consolidation or merger that results in the termination of this Warrant under Section 1 or in which the Company is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Company) or any sale, transfer or other conveyance of all or substantially all of the Company's assets, the Company, or its successor, as the case may be, shall assume, by written instrument executed and delivered to the registered holder of this Warrant at such Holder's address shown on the registration books of the Company the obligation to deliver to the Holder of this Warrant, upon due exercise thereof, the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale, transfer or conveyance by a Holder of the number of shares which would have been issued to such Holder had this Warrant been exercised immediately prior thereto.

As evidence of the kind and amount of stock or other securities or property which shall be issuable upon the exercise of this Warrant after any such reclassification, change, consolidation, merger, sale, transfer or conveyance, the Company shall maintain in its records at its principal office a certificate of any firm of independent public accountants (who may be the regular auditors retained by the Company) with respect thereto.

The provisions of this clause (ii) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales, transfers or conveyances.

Upon any adjustment of the Exercise Price herein above provided for, the number of shares issuable upon exercise of this Warrant shall be changed to the number of shares calculated to the next highest whole share obtained by dividing (A) the aggregate Exercise Price payable for the purchase of all shares issuable upon exercise prior to such adjustment by (B) the Exercise Price in effect immediately after such adjustment.

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(iii) Whenever the Exercise Price or the number of shares purchasable upon the exercise of this Warrant is adjusted as herein provided, the Company shall:

(A) forthwith place on file at its office a certificate signed by the chief financial officer of the Company, showing in appropriate detail the facts requiring such adjustment, the computation thereof, the Exercise Price after such adjustment, and the number of shares purchasable upon the exercise of this Warrant after such adjustment with respect to each share originally purchasable upon exercise hereof, and shall exhibit the same from time to time to any holder of this Warrant desiring an inspection thereof, and

(B) within ten (10) days thereafter cause a notice to be mailed to the Holder hereof at its address shown in the registration books of the Company stating that such adjustment has been effected and the adjusted Exercise Price and the number of shares purchasable as aforesaid.

(iv) Irrespective of any adjustments in the Exercise Price or the number of shares or the number or kind of other securities purchasable upon exercise of this Warrant, this Warrant or any Warrant thereafter issued may continue to express the same price and number and kind of shares as are stated in the Warrants initially issued by the Company.

(b) In the event that the Company (i) issues as a dividend or other similar distribution (an "Extraordinary Dividend") on all of its then outstanding Common Stock, (A) securities of the Company of a class other than Common Stock, (B) rights, warrants or options (individually, a "Right" and

collectively, the "Rights") to acquire any securities of the Company (including Common Stock) or (C) evidences of its indebtedness or assets (any securities (other than Rights) issued as an Extraordinary Dividend or issued upon exercise of any Rights issued as an Extraordinary Dividend shall be referred to as "Dividend Securities"):

(x) this Warrant shall thereafter be exercisable for (1) the Original Amount of shares of Common Stock (subject to adjustment as herein provided), (2) such Dividend Securities and Rights as would theretofore have been issued in respect of such shares (adjusted as herein provided) had such shares been outstanding at the time of such Extraordinary Dividend; and

(y) any Right issued as an Extraordinary Dividend shall (1) expire upon the later of (a) the original expiration date of such Right or (b) the 180th day following the exercise of this Warrant, and (2) be exercisable for the Dividend Securities issuable upon exercise of such Right.

(c) In the event that at any time while this Warrant is outstanding, the Company shall offer to sell to all of the holders of Common Stock as a class, rights or options to purchase Common Stock or rights or options to purchase any stock or securities convertible into or exchangeable for Common Stock (such exchangeable or convertible stock or securities being herein called "Convertible Securities"), whether or not such rights or options are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined by dividing (i) the total amount received or receivable by the Company upon

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issuance and sale of such rights or options, plus the aggregate amount of additional consideration payable to the Company upon the exercise of all such rights or options, plus, in the case of rights or options which relate to Convertible Securities, the aggregate amount of additional consideration, if any, payable upon the conversion or exchange of all such Convertible Securities, by (ii) the total maximum number of shares of Common Stock issuable upon the exercise of all such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of all such rights or options) shall be less than the Exercise Price in effect immediately prior to the initial sale of any such rights or options, the Company shall offer to sell to the Holder, at the price and upon the terms at which such rights or options are offered to holders of its Common Stock, such number of such rights or options as the Holder would have been entitled to purchase had the Holder exercised this Warrant immediately prior to the commencement of the offering of such rights or options.

(d) If any event occurs as to which in the opinion of the Board of Directors of the Company the other provisions of this Section 11 are not strictly applicable or if strictly applicable would not adequately protect from dilution the exercise rights of the Holder in accordance with the intent and principles of such provisions, then the Board of Directors of the Company shall make an equitable adjustment in the application of such provisions, in accordance with such intent and principles of such provisions, so as to protect such exercise rights as aforesaid, but in no event shall such adjustment have the effect of increasing the Exercise Price.

12. Taxes. The issue of any stock or other certificate upon the exercise

of this Warrant shall be made without charge to the Holder for any documentary, stamp or similar tax in respect of the issue of such stock or certificate.

13. Valid Issuance. Company represents to Holder that this Warrant and the

shares of Common Stock issuable upon the exercise of this Warrant have been duly authorized by all necessary corporate actions, this Warrant has been duly executed and delivered and constitutes a legally binding agreement of the Company enforceable in accordance with the terms hereof, the Company has reserved out of its authorized and unissued shares of Common Stock a number of shares sufficient to provide for the exercise of the rights represented by this Warrant, and the shares of Common Stock issuable upon exercise of this Warrant, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

14. Registration Rights. The Company hereby undertakes to use its best

efforts to grant "piggy back" registration rights to the Holder, entitling the Holder to include in a registration statement filed by the Company with the Securities Exchange Commission the shares issuable upon exercise of this Warrant. Such rights shall be on the same terms as certain existing holders of the Company's common stock held pursuant to the Company's registration rights agreement with its investors, and may require amendment of such agreement, which amendment the Company will seek to obtain immediately following the issuance of this Warrant.

15. Governing Law. This Warrant shall be governed by, construed, and enforced in accordance with the laws of the State of Delaware without reference to its principles of conflicts of law.

-8-

IN WITNESS WHEREOF, Extreme Networks, Inc. has caused this Warrant to be executed by its officers thereunto duly authorized.

Dated as of: April 3, 2000

EXTREME NETWORKS, INC.

By: _____

-9-

NOTICE OF EXERCISE

To: Extreme Networks, Inc.

(1) The undersigned hereby elects to purchase _____ shares of Common Stock of Extreme Networks, Inc., pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price for such shares in full.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

(3) Please issue a new Warrant for the unexercised portion of the attached Warrant in the name of the undersigned or in such other name as is specified below:

(Name)

(Date)

(Signature)

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under the within Warrant, with respect to the number of shares of Common Stock set forth below:

Name of Assignee

Address

No. of Shares

and does hereby irrevocably constitute and appoint Attorney _____ to
make such transfer on the books of Extreme Networks, Inc., maintained for the
purpose, with full power of substitution in the premises.

Dated: _____

Signature of Holder

EXTREME NETWORKS, INC.

2000 NONSTATUTORY STOCK OPTION PLAN

Establishment, Purpose and Term of Plan.

1.1 Establishment. The Company's 2000 Nonstatutory Stock Option Plan (the "Plan") is established effective as of March ____, 2000.

1.2 Purpose. The purpose of the Plan is to advance the interests of the Participating Company Group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group.

1.3 Term of Plan. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms of the Plan and the agreements evidencing Options granted under the Plan have lapsed.

Definitions and Construction.

2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

"Board" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "Board" also means such Committee(s).

"Code" means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

"Committee" means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

"Company" means Extreme Networks, Inc., a Delaware corporation, or any successor corporation thereto.

"Consultant" means any person, including an advisor, engaged by a Participating Company to render services other than as an Employee or a director.

"Employee" means any person treated as an employee (including an officer or a director who is also treated as an employee) in the records of a Participating Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

If, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock (or the mean of the closing bid and asked prices of a share of Stock if the

Stock is so quoted instead) as quoted on the Nasdaq National Market, The Nasdaq

SmallCap Market or such other national or regional securities exchange or market system constituting the primary market for the Stock, as reported in The Wall

Street Journal or such other source as the Company deems reliable. If the

relevant date does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

If, on such date, there is no public market for the Stock, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

"Option" means a right to purchase Stock (subject to adjustment as provided in Section 4.2) pursuant to the terms and conditions of the Plan. Options are intended to be nonstatutory stock options and shall not be treated as incentive stock options within the meaning of Section 422(b) of the Code.

"Option Agreement" means a written agreement between the Company and an Optionee setting forth the terms, conditions and restrictions of the Option granted to the Optionee and any shares acquired upon the exercise thereof.

"Optionee" means a person who has been granted one or more Options.

"Parent Corporation" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

"Participating Company" means the Company or any Parent Corporation or Subsidiary Corporation.

"Participating Company Group" means, at any point in time, all corporations collectively which are then Participating Companies.

"Stock" means the common stock, without par value, of the Company, as adjusted from time to time in accordance with Section 4.2.

"Subsidiary Corporation" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

2.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

Administration.

3.1 Administration by the Board. The Plan shall be administered by the Board, including any duly appointed Committee of the Board. All questions of interpretation of the Plan or of any Option shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Option. Any officer of a Participating Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation, determination or election.

3.2 Powers of the Board. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its sole discretion:

to determine the persons to whom, and the time or times at which, Options shall be granted and the number of shares of Stock to be subject to each Option;

to determine the Fair Market Value of shares of Stock or other property;

to determine the terms, conditions and restrictions applicable to each Option (which need not be identical) and any shares acquired upon the exercise thereof, including, without limitation, (i) the exercise price of the Option, (ii) the method of payment for shares purchased upon the exercise of the Option, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Option or such shares, including by the withholding or delivery of shares of stock, (iv) the timing, terms and conditions of the exercisability of the Option or the vesting of any shares acquired upon the exercise thereof, (v) the time of the expiration of the Option, (vi) the effect of the Optionee's termination of employment or service with the Participating Company Group on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to the Option or such shares not inconsistent with the terms of the Plan;

to approve one or more forms of Option Agreement;

to amend, modify, extend, or renew, or grant a new Option in substitution for, any Option or to waive any restrictions or conditions applicable to any Option or any shares acquired upon the exercise thereof;

to accelerate, continue, extend or defer the exercisability of any Option or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following an Optionee's termination of employment or service with the Participating Company Group;

to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions whose citizens may be granted Options; and

to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option Agreement and to make all other determinations and take such other actions with respect to the Plan or any Option as the Board may deem advisable to the extent consistent with the Plan and applicable law.

Shares Subject to Plan.

4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be 2,000,000 and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. If an outstanding Option for any reason expires or is terminated or canceled or shares of Stock acquired, subject to repurchase, upon the exercise of an Option are repurchased by the Company, the shares of Stock allocable to the unexercised portion of such Option, or such repurchased shares of Stock, shall again be available for issuance under the Plan.

4.2 Adjustments for Changes in Capital Structure. In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, appropriate adjustments shall be made in the number and class of shares subject to the Plan, and to any outstanding Options and in the exercise price per share of any outstanding Options. If a majority of the shares which are of the same class as the shares that are subject to outstanding Options are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event, as defined in Section 8.1) shares of another corporation (the "New Shares"), the Board may unilaterally amend the outstanding Options to provide that such Options are exercisable for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise price per share of, the outstanding Options shall be adjusted in a fair and equitable manner as determined by the Board, in its sole discretion. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded up or down to the nearest whole number, as determined by the Board, and in no event may the exercise price of any Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. The adjustments determined by the Board pursuant to this Section 4.2 shall be final, binding and conclusive.

Eligibility. Options may be granted only to Employees and Consultants; provided, however, that no Option shall be granted to any person (including any officer or director) whose eligibility to receive an Option under the Plan at the time of grant would require the approval of the Company's stockholders pursuant to any applicable law, regulation or rule, including, without limitation, any rule applicable to the listing of the Company's securities on the Nasdaq National Market. For purposes of the foregoing sentence, "Employees" and "Consultants" shall include prospective Employees and prospective Consultants to whom Options are granted in connection with written offers of an employment or other service relationship with the Participating Company Group. Eligible persons may be granted more than one (1) Option

Terms and Conditions of Options. Options shall be evidenced by Option Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. Option Agreements may incorporate all or any of the terms of the Plan by reference and

shall comply with and be subject to the following terms and conditions:

6.1 Exercise Price. The exercise price for each Option shall be established in the sole discretion of the Board; provided, however, that the exercise price per share for an Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code.

6.2 Exercise Period. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria, and restrictions as shall be determined by the Board and set forth in the Option Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, and (b) no Option granted to a prospective Employee or prospective Consultant may become exercisable prior to the date on which such person commences service with a Participating Company.

6.3 Payment of Exercise Price.

Forms of Consideration Authorized. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company of shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the exercise price, (iii) by the assignment of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "Cashless Exercise"), (iv) by the Optionee's promissory note in a form approved by the Company, (v) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (vi) by any combination thereof. The Board may at any time or from time to time, by adoption of or by amendment to the standard form of Option Agreement described in Section 7, or by other means, grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

Tender of Stock. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company of shares of Stock to the extent such tender of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

Cashless Exercise. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

Payment by Promissory Note. No promissory note shall be permitted if the exercise of an Option using a promissory note would be a violation of any law. Any permitted promissory note shall be on such terms as the Board shall determine at the time the Option is granted. The Board shall have the authority to permit or require the Optionee to secure any promissory note used to exercise an Option with the shares of Stock acquired upon the exercise of the Option or with other collateral acceptable to the Company. Unless otherwise provided by the Board, if the Company at any time is subject to the regulations promulgated by the Board of Governors of the Federal Reserve System or any other governmental entity affecting the extension of credit in connection with the Company's securities, any promissory note shall comply with such applicable regulations, and the Optionee shall pay the unpaid principal and accrued interest, if any, to the extent necessary to comply with such applicable regulations.

6.4 Tax Withholding. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable upon the exercise of an Option, or to accept from the Optionee the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the federal, state, local and foreign taxes, if any, required by law to be withheld by the Participating Company Group with respect to such Option or the shares acquired upon the exercise thereof. Alternatively or in addition, in its sole discretion, the Company shall have the right to require the Optionee, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise, to make adequate provision for any such

tax withholding obligations of the Participating Company Group arising in connection with the Option or the shares acquired upon the exercise thereof. The Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to the Option Agreement until the Participating Company Group's tax withholding obligations have been satisfied by the Optionee.

Standard Forms of Option Agreement.

7.1 General. Unless otherwise provided by the Board at the time the Option is granted, an Option shall comply with and be subject to the terms and conditions set forth in the form of Option Agreement adopted by the Board concurrently with its adoption of the Plan and as amended from time to time.

7.2 Authority to Vary Terms. The Board shall have the authority from time to time to vary the terms of the standard form of Option Agreement described in this Section 7 either in connection with the grant or amendment of an individual Option or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Option Agreement shall be in accordance with the terms of the Plan.

Transfer of Control.

8.1 Definitions.

An "Ownership Change Event" shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

A "Transfer of Control" shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, the "Transaction") wherein the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting stock of the Company or the corporation or corporations to which the assets of the Company were transferred (the "Transferee Corporation(s)"), as the case may be. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest

resulting from ownership of the voting stock of one or more corporations which, as a result of the Transaction, own the Company or the Transferee Corporation(s), as the case may be, either directly or through one or more subsidiary corporations. The Board shall have the right to determine whether multiple sales or exchanges of the voting stock of the Company or multiple Ownership Change Events are related, and its determination shall be final, binding and conclusive.

8.2 Effect of Transfer of Control on Options. In the event of a Transfer of Control, the surviving, continuing, successor, or purchasing corporation or parent corporation thereof, as the case may be (the "Acquiring Corporation"), may either assume the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options for the Acquiring Corporation's stock. The Board may, in its sole discretion, provide in any Option Agreement that in the event the Acquiring Corporation elects not to assume or substitute for outstanding Options in connection with a Transfer of Control (or regardless of whether the Acquiring Corporation so elects), any unexercisable or unvested portion of the outstanding Option shall be immediately exercisable and vested in full as of the date ten (10) days prior to the date of the Transfer of Control. The exercise or vesting of any Option that was permissible solely by reason of this Section 8.2 and the provisions of such Option Agreement shall be conditioned upon the consummation of the Transfer of Control. Any Options which are neither assumed or substituted for by the Acquiring Corporation in connection with the Transfer of Control nor exercised as of the date of the Transfer of Control shall terminate and cease to be outstanding effective as of the date of the Transfer of Control. Notwithstanding the foregoing, shares acquired upon exercise of an Option prior to the Transfer of Control and any consideration received pursuant to the Transfer of Control with respect to such shares shall continue to be subject to all applicable provisions of the Option Agreement evidencing such Option except as otherwise provided in such Option Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Options immediately prior to an Ownership Change Event described in Section 8.1(a)(i) constituting a Transfer of Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations

that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Options shall not terminate unless the Board otherwise provides in its sole discretion.

Nontransferability of Options. During the lifetime of the Optionee, an Option shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. No Option shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution, except as provided in an Option Agreement.

Compliance with Securities Laws. The grant of Options and the issuance of shares of Stock upon exercise of Options shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities. Options may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Option may be exercised unless (a) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (b) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of any Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or officers or

employees of the Participating Company Group, members of the Board and any officers or employees of the Participating Company Group to whom authority to act for the Board is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

Termination or Amendment of Plan. The Board may terminate or amend the Plan at any time. However, no termination or amendment of the Plan may adversely affect any then outstanding Option or any unexercised portion thereof, without the consent of the Optionee, unless such termination or amendment is necessary to comply with any applicable law, regulation or rule.

PLAN HISTORY

_____, 2000 Board adopts the Plan, with an initial reserve of 2,000,000 shares.

\$31,400,000

LEASE AGREEMENT
(Land)

BETWEEN

BNP LEASING CORPORATION

("BNPLC")

AND

EXTREME NETWORKS, INC.

("Extreme")

June 1, 2000

(Santa Clara, California)

=====

[Land]

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(iv)

LEASE AGREEMENT
(LAND)

This LEASE AGREEMENT (LAND) (this "Land Lease"), is made and dated as of June 1, 2000 (the "Effective Date") by and between BNP LEASING CORPORATION, a Delaware corporation ("BNPLC"), and EXTREME NETWORKS, INC., a Delaware corporation ("Extreme").

RECITALS

Contemporaneously with the execution of this Land Lease, BNPLC and Extreme are executing a Common Definitions and Provisions Agreement (Land) dated as of the Effective Date (the "Common Definitions and Provisions Agreement (Land)"), which by this reference is incorporated into and made a part of this Land Lease for all purposes. As used in this Land Lease, capitalized terms defined in the Common Definitions and Provisions Agreement (Land) and not otherwise defined in this Land Lease are intended to have the respective meanings assigned to them in the Common Definitions and Provisions Agreement (Improvements).

Pursuant to the Acquisition Contract, which covers the Land described in Exhibit A, BNPLC is acquiring the Land and any appurtenances thereto and all -----

existing Improvements thereon from Seller contemporaneously with the execution

of this Land Lease.

In anticipation of BNPLC's acquisition of the Land and the existing Improvements thereon under the Acquisition Contract, BNPLC and Extreme have reached agreement as to the terms and conditions upon which BNPLC is willing to lease the Land to Extreme, and by this Land Lease BNPLC and Extreme desire to evidence such agreement.

GRANTING CLAUSES

BNPLC does hereby LEASE, DEMISE and LET unto Extreme for the term hereinafter set forth all right, title and interest of BNPLC, now owned or hereafter acquired, in and to:

- (1) the Land;
- (2) all easements and other rights appurtenant to the Land, whether now owned or hereafter acquired by BNPLC; and
- (3) (A) any land lying within the right-of-way of any street, open or proposed, adjoining the Land, (B) any sidewalks and alleys adjacent to the Land and (C) any strips and gores between the Land and any abutting land not owned or leased by BNPLC.

BNPLC's interest in all property described in clauses (1) through (3) above are hereinafter referred to collectively as the "Real Property". The Real Property does not include any Improvements (now existing or those to be constructed as provided in the Other Lease Agreement) or BNPLC's rights appurtenant to the Improvements, it being understood that the Other Lease Agreement constitutes a separate lease of the Improvements and the appurtenances thereto, and only the Improvements and the appurtenances thereto, from BNPLC to Extreme.

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To the extent, but only to the extent, that assignable rights or interests in, to or under the following have been or will be acquired by BNPLC under the Acquisition Contract or acquired by BNPLC pursuant to Paragraph ? below, BNPLC also hereby grants and assigns to Extreme for the term of this Land Lease the right to use and enjoy (and, in the case of contract rights, to enforce) such rights or interests of BNPLC:

- (a) the benefits, if any, conferred upon the owner of the Real Property by the Permitted Encumbrances and Development Documents; and
- (b) any permits, licenses, franchises, certificates, and other rights and privileges against third parties related to the Real Property.

Such rights and interests of BNPLC, whether now existing or hereafter arising, are hereinafter collectively called the "Personal Property". The Real Property and the Personal Property are hereinafter sometimes collectively called the "Property."

However, the leasehold estate conveyed hereby and Extreme's rights hereunder are expressly made subject and subordinate to the terms and conditions of this Land Lease, the Premises Leases and all other Permitted Encumbrances, and to any other claims or encumbrances not constituting Liens Removable by BNPLC.

GENERAL TERMS AND CONDITIONS

The Property is leased by BNPLC to Extreme and is accepted and is to be used and possessed by Extreme upon and subject to the following terms and conditions:

1 Term.

- (a) Scheduled Term. The term of this Land Lease (the "Term") shall commence on and include the Effective Date, and end on the first Business Day of July, 2005, unless sooner terminated as expressly herein provided.
- (b) Election by Extreme to Terminate After Accelerating the Designated Sale Date. Extreme shall be entitled to accelerate the Designated

Sale Date (and thus accelerate the purchase of BNPLC's interest in the Property by Extreme or by an Applicable Purchaser pursuant to the Purchase Agreement) by sending a notice to BNPLC as provided in clause (2) of the definition of "Designated Sale Date" in the Common Definitions and Provisions Agreement (Land). In the event, because of Extreme's election to so accelerate the Designated Sale Date or for any other reason, the Designated Sale Date occurs before the end of the scheduled Term, Extreme may terminate this Land Lease on or after the Designated Sale Date; provided, however, as a condition to any such termination by Extreme, Extreme must have done the following prior to the termination:

- (i) purchased or caused an Applicable Purchaser to purchase the Property pursuant to the Purchase Agreement and satisfied all of Extreme's other obligations under the Purchase Agreement;
- (ii) paid to BNPLC all Base Rent and all other Rent due on or before or accrued through the Designated Sale Date; and
- (iii) paid any Breakage Costs caused by BNPLC's sale of the Property pursuant to the Purchase Agreement.

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- (c) Extension of the Term. The Term may be extended at the option of

Extreme for two successive periods of five years each; provided, however, that prior to any such extension the following conditions must have been satisfied: (A) at least one hundred eighty days prior to the commencement of any such extension, BNPLC and Extreme must have agreed in writing upon, and received the consent and approval of BNPLC's Parent and all other Participants to (1) a corresponding extension not only to the date for the expiration of the Term specified above in this Section, but also to the date specified in clause (1) of the definition of Designated Sale Date in the Common Definitions and Provisions Agreement (Land), and (2) an adjustment to the Rent that Extreme will be required to pay for the extension, it being expected that the Rent for the extension may be different than the Rent required for the original Term, and it being understood that the Rent for any extension must in all events be satisfactory to both BNPLC and Extreme, each in its sole and absolute discretion; (B) no Event of Default shall have occurred and be continuing at the time of Extreme's exercise of its option to extend; and (C) immediately prior to any such extension, this Land Lease must remain in effect. With respect to the condition that BNPLC and Extreme must have agreed upon the Rent required for any extension of the Term, neither Extreme nor BNPLC is willing to submit itself to a risk of liability or loss of rights hereunder for being judged unreasonable. Accordingly, both Extreme and BNPLC hereby disclaim any obligation express or implied to be reasonable in negotiating the Rent for any such extension. Subject to the changes to the Rent payable during any extension of the Term as provided in this Paragraph, if Extreme exercises its option to extend the Term as provided in this Paragraph, this Land Lease shall continue in full force and effect, and the leasehold estate hereby granted to Extreme shall continue without interruption and without any loss of priority over other interests in or claims against the Property that may be created or arise after the date hereof and before the extension.

2 Use and Condition of the Property.

- (a) Use. Subject to the Permitted Encumbrances, the Development

Documents and the terms hereof, Extreme may use and occupy the Property during the Term, but only for the following purposes and other lawful purposes incidental thereto;

- (i) constructing, maintaining and using Improvements on the Land for purposes expressly permitted by and described in Paragraph 2(a) of the
- Other Lease Agreement; and

- (ii) other lawful purposes approved in advance and in writing by BNPLC, which approval will not be unreasonably withheld (but Extreme acknowledges that BNPLC's withholding of such approval shall be reasonable if BNPLC determines in good faith that (1) giving the approval may

materially increase BNPLC's risk of liability for any existing or future environmental problem, or (2) giving the approval is likely to substantially increase BNPLC's administrative burden of complying with or monitoring Extreme's compliance with the requirements of this Land Lease or other Operative Documents).

Nothing in this subparagraph will prevent a tenant under a Premises Lease, executed prior to the Effective Date, from using the space covered thereby for purposes expressly authorized by the terms and conditions of such Premises Lease.

(b) Condition of the Property. Extreme acknowledges that it has

carefully and fully inspected the Property and accepts the Property in its present state, AS IS, and without any representation or warranty, express or

implied, as to the condition of such property or as to the use which may be made thereof. Extreme also accepts the Property without any covenant, representation or warranty, express or implied, by BNPLC or its Affiliates regarding the title thereto or the rights of any parties in possession of any part thereof, except as expressly set forth in Paragraph 17. BNPLC shall not be responsible for any latent or other defect or change of

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condition in the Land or in Improvements, fixtures and personal property forming a part of the Property or for any violations with respect thereto of Applicable Laws. Further, BNPLC shall not be required to furnish to Extreme any facilities or services of any kind, including water, steam, heat, gas, air conditioning, electricity, light or power.

(c) Consideration for and Scope of Waiver. The provisions of

subparagraph 2.(b) above have been negotiated by BNPLC and Extreme after due consideration for the Rent payable hereunder and are intended to be a complete exclusion and negation of any representations or warranties of BNPLC or its Affiliates, express or implied, with respect to the Property that may arise pursuant to any law now or hereafter in effect or otherwise, except as expressly set forth herein.

However, such exclusion of representations and warranties by BNPLC is not intended to impair any representations or warranties made by other parties, the benefit of which may pass to Extreme during the Term because of the definition of Personal Property and Property above.

3 Rent.

(a) Base Rent Generally. On each Base Rent Date through the end of

the Term, Extreme shall pay BNPLC rent ("Base Rent"), calculated as provided below. Each payment of Base Rent must be received by BNPLC no later than 10:00 a.m. (Pacific time) on the date it becomes due; if received after 10:00 a.m. (Pacific time) it will be considered for purposes of this Land Lease as received on the next following Business Day. At least five days prior to each Base Rent Date, BNPLC shall notify Extreme in writing of the amount of each installment, calculated as provided below. Any failure by BNPLC to so notify Extreme, however, shall not constitute a waiver of BNPLC's right to payment, but absent such notice Extreme shall not be in default hereunder for any underpayment resulting therefrom if Extreme, in good faith, reasonably estimates the payment required, makes a timely payment of the amount so estimated and corrects any underpayment within three Business Days after being notified by BNPLC of the underpayment.

(b) Impact of Collateral Upon Formulas. To ease the administrative

burden of this Land Lease and the Pledge Agreement, the formulas for calculating Base Rent set out below in subparagraph 3.(c) reflect a reduction in the Base Rent equal to the interest that would accrue on any Collateral provided in accordance with the requirements of the Pledge Agreement from time to time if the Accounts (as defined in the Pledge Agreement) bore interest at the Deposit Rate. BNPLC has agreed to such reduction to provide Extreme with the economic equivalent of interest on such Collateral, and in return Extreme has agreed to

the provisions of the Pledge Agreement that excuse the actual payment of interest on the Accounts. By incorporating such reduction of Base Rent into the formulas below, and by providing for noninterest bearing Accounts in the Pledge Agreement, an unnecessary and cumbersome periodic exchange of equal payments will be avoided. It is not, however, the intent of BNPLC or Extreme to understate Base Rent or interest for financial reporting purposes. Accordingly, for purposes of any financial reports that this Land Lease requires of Extreme from time to time, Extreme may report Base Rent as if there had been no such reduction and as if the Collateral from time to time provided in accordance with the requirements of the Pledge Agreement had been maintained in Accounts bearing interest at the Deposit Rate.

(c) Calculation of and Due Dates for Base Rent. Payments of Base

Rent shall be calculated and become due as follows:

(i) Determination of Payment Due Dates, Generally.

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a0 For all Base Rent Periods subject to a LIBOR Period Election of one month or three months, Base Rent shall be due in one installment on the Base Rent Date upon which the Base Rent Period ends.

b0 For Base Rent Periods subject to a LIBOR Period Election of six months, Base Rent shall be payable in two installments, with the first installment becoming due on the Base Rent Date that occurs on the first Business Day of the third calendar month following the commencement of such Base Rent Period, and with the second installment becoming due on the Base Rent Date upon which the Base Rent Period ends.

c0 For Base Rent Periods subject to a LIBOR Period Election of nine months, Base Rent shall be payable in three installments, with the first installment becoming due on the Base Rent Date that occurs on the first Business Day of the third calendar month following the commencement of such Base Rent Period, with the second installment becoming due on the first Business Day of the sixth calendar month following the commencement of such Base Rent Period, and with the third installment becoming due on the Base Rent Date upon which the Base Rent Period ends.

d0 For Base Rent Periods subject to a LIBOR Period Election of twelve months, Base Rent shall be payable in four installments, with the first installment becoming due on the Base Rent Date that occurs on the first Business Day of the third calendar month following the commencement of such Base Rent Period, with the second installment becoming due on the first Business Day of the sixth calendar month following the commencement of such Base Rent Period, with the third installment becoming due on the first Business Day of the ninth calendar month following the commencement of such Base Rent Period, and with the fourth installment becoming due on the Base Rent Date upon which the Base Rent Period ends.

(ii) Special Adjustments to Base Rent Payment Dates and Periods.

Notwithstanding the foregoing:

a0 Any Base Rent Period that begins before, and does not otherwise end before, the first Business Day of the first calendar month following a Failed Collateral Test Date shall end upon but not include such first Business Day, and such first Business Day shall constitute a Base Rent Date, upon which Extreme must pay all accrued, unpaid Base Rent for the Base Rent Period just ended.

b0 In addition to Base Rent due on a the first Business Day of the first calendar month following a Failed Collateral Test Date, Extreme must pay the Breakage Costs, if any, resulting from any early ending of a Base Rent Period pursuant to the preceding clause 3.(c)(ii)a).

c0 If Extreme or any Applicable Purchaser purchases BNPLC's interest in the Property pursuant to the Purchase Agreement, any accrued unpaid Base Rent and all outstanding Additional Rent shall be due on the date of purchase in addition to the purchase price and other sums due BNPLC under the Purchase Agreement.

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(iii) Base Rent Formula for Periods During Which The Collateral

Percentage is 100%. Each installment of Base Rent payable for any Base Rent

Period during which the Collateral Percentage is one hundred percent (100%) shall equal:

- . Stipulated Loss Value on the first day of such Base Rent Period, times
- . the sum of (a) the Secured Spread and (b) the Effective Rate/Deposit Rate Difference for the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, times
- . the number of days in the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, divided by
- . three hundred sixty.

Assume, only for the purpose of illustration: that the Collateral Percentage for a hypothetical Base Rent Period is one hundred percent (100%); that prior to the first day of such Base Rent Period Qualified Prepayments have been received by BNPLC, leaving a Stipulated Loss Value of \$5,000,000; that the sum of the Secured Spread and the Effective Rate/Deposit Rate Difference is forty-two and one-half basis points (42.5/100 of 1%); and that such Base Rent Period contains exactly thirty days. Under such assumptions, the Base Rent for the hypothetical Base Rent Period will equal:

$$\$5,000,000 \times .425\% \times 30/360 = \$1,770.83$$

(iv) Base Rent Formula for Periods During Which The Collateral

Percentage is Less Than 100%. Each installment of Base Rent payable for any

Base Rent Period during which the Collateral Percentage is less than one hundred percent (100%) shall equal:

- . Stipulated Loss Value on the first day of such Base Rent Period, times
- . the sum of:

(A) the product of:

- (1) the Collateral Percentage for such Base Rent Period, times
- (2) the sum of (a) the Secured Spread and (b) the Effective Rate/Deposit Rate Difference for the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, plus

(B) the product of:

- (1) one minus the Collateral Percentage for such Base Rent

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(2) the sum of (a) the Effective Rate with respect to such Base Rent Period, plus (b) the Unsecured Spread for the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, times

. the number of days in the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, divided by

. three hundred sixty.

Assume, only for the purpose of illustration: that the Collateral Percentage for a hypothetical Base Rent Period is fifty-five percent (55%); that prior to the first day of such Base Rent Period Qualified Prepayments have been received by BNPLC, leaving a Stipulated Loss Value of \$5,000,000; that the Effective Rate for the Base Rent Period is 6%; that the sum of the Secured Spread and the Effective Rate/Deposit Rate Difference is forty-two and one-half basis points (42.5/100 of 1%); that upon the commencement of such Base Rent Period the Unsecured Spread is two hundred twenty-five basis points (225/100 of 1%); and that such Base Rent Period contains exactly thirty days. Under such assumptions, the Base Rent for the hypothetical Base Rent Period will equal:

$$\$5,000,000 \times \{ (55\% \times .425\%) + ([1 - 55\%] \times [6\% + 2.25\%]) \} \times 30/360 = \$16,442.41$$

(d) Additional Rent. All amounts which Extreme is required to pay to

or on behalf of BNPLC pursuant to this Land Lease, together with every charge, premium, interest and cost set forth herein which may be added for nonpayment or late payment thereof, shall constitute rent (all such amounts, other than Base Rent, are herein called "Additional Rent", and together Base Rent and Additional Rent are herein sometimes called "Rent").

(e) No Demand or Setoff. Except as expressly provided herein, Extreme

shall pay all Rent without notice or demand and without counterclaim, deduction, setoff or defense.

(f) Default Interest and Order of Application. All Rent shall bear

interest, if not paid when first due, at the Default Rate in effect from time to time from the date due until paid; provided, that nothing herein contained will be construed as permitting the charging or collection of interest at a rate exceeding the maximum rate permitted under Applicable Laws. BNPLC shall be entitled to apply any amounts paid by or on behalf of Extreme against any Rent then past due in the order the same became due or in such other order as BNPLC may elect.

4 Nature of this Agreement.

(a) "Net" Lease Generally. Subject only to the exceptions listed in

subparagraph 5.(d) below, it is the intention of BNPLC and Extreme that Base Rent and other payments herein specified shall be absolutely net to BNPLC and that Extreme shall pay all costs, expenses and obligations of every kind relating to the Property or this Land Lease which may arise or become due, including: (i) any taxes payable by virtue of BNPLC's receipt of amounts paid to or on behalf of BNPLC in accordance with Paragraph 5; (ii) any amount for which BNPLC is or becomes liable with respect to the Permitted Encumbrances or the Development Documents; and (iii) any costs

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incurred by BNPLC (including Attorneys' Fees) because of BNPLC's acquisition or

ownership of any interest in the Property or because of this Land Lease or the transactions contemplated herein.

(b) No Termination. Except as expressly provided in this Land Lease

itself, this Land Lease shall not terminate, nor shall Extreme have any right to terminate this Land Lease, nor shall Extreme be entitled to any abatement of the Rent, nor shall the obligations of Extreme under this Land Lease be excused, for any reason whatsoever, including any of the following: (i) any damage to or the destruction of all or any part of the Property from whatever cause, (ii) the taking of the Property or any portion thereof by eminent domain or otherwise for any reason, (iii) the prohibition, limitation or restriction of Extreme's use or development of all or any portion of the Property or any interference with such use by governmental action or otherwise, (iv) any eviction of Extreme or of anyone claiming through or under Extreme, (v) any default on the part of BNPLC under this Land Lease or under any other agreement to which BNPLC and Extreme are parties, (vi) the inadequacy in any way whatsoever of the Property (it being understood that BNPLC has not made, does not make and will not make any representation express or implied as to the adequacy thereof), (vii) any latent or other defect in the Property or any change in the condition thereof or the existence with respect to the Property of any violations of Applicable Laws, (viii) any breach by Seller of the Acquisition Contract or other agreements or promises or representations made in connection with the Acquisition Contract (ix) any breach of a Premises Lease by any lessee thereunder, or (x) any other cause whether similar or dissimilar to the foregoing. It is the intention of the parties hereto that the obligations of Extreme hereunder shall be separate and independent of the covenants and agreements of BNPLC, that Base Rent and all other sums payable by Extreme hereunder shall continue to be payable in all events and that the obligations of Extreme hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated or limited pursuant to an express provision of this Land Lease. Without limiting the foregoing, Extreme waives to the extent permitted by Applicable Laws, except as otherwise expressly provided herein, all rights to which Extreme may now or hereafter be entitled by law (including any such rights arising because of any implied "warranty of suitability" or other warranty under Applicable Laws) (i) to quit, terminate or surrender this Land Lease or the Property or any part thereof or (ii) to any abatement, suspension, deferment or reduction of the Rent.

However, nothing in this subparagraph 4.(b) shall be construed as a waiver by Extreme of any right Extreme may have at law or in equity to the following remedies, whether because of BNPLC's failure to remove a Lien Removable by BNPLC or because of any other default by BNPLC under this Land Lease that continues beyond the period for cure provided in Paragraph 16: (i) the recovery of monetary damages, (ii) injunctive relief in case of the violation, or attempted or threatened violation, by BNPLC of any of the express covenants, agreements, conditions or provisions of this Land Lease which are binding upon BNPLC (including the confidentiality provisions set forth in subparagraph 13.(c) below), or (iii) a decree compelling performance by BNPLC of any of the express covenants, agreements, conditions or provisions of this Land Lease which are binding upon BNPLC.

(c) Tax Reporting. BNPLC and Extreme shall report this Land Lease and

the Purchase Agreement for federal income tax purposes as a conditional sale unless prohibited from doing so by the Internal Revenue Service. If the Internal Revenue Service shall challenge BNPLC's characterization of this Land Lease and the Purchase Agreement as a conditional sale for federal income tax reporting purposes, BNPLC shall notify Extreme in writing of such challenge and consider in good faith any reasonable suggestions by Extreme about an appropriate response. In any event, Extreme shall (subject only to the limitations set forth in this subparagraph) indemnify and hold harmless BNPLC from and against all liabilities, costs, additional taxes (other than Excluded Taxes) and other expenses that may arise or become due because of such challenge or because of any resulting recharacterization required by the Internal Revenue Service, including any additional taxes that may become due upon any sale under the Purchase Agreement to the extent (if any) that such additional taxes are not offset by tax savings resulting from additional depreciation deductions or other tax benefits to BNPLC of the recharacterization. If BNPLC receives a written notice of any challenge by the Internal Revenue Service that BNPLC believes will be

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covered by this Paragraph, then BNPLC shall promptly furnish a copy of such notice to Extreme. The failure to so provide a copy of the notice to Extreme shall not excuse Extreme from its obligations under this Paragraph; provided, that if none of the officers of Extreme and none of the employees of Extreme responsible for tax matters are aware of the challenge described in the notice and such failure by BNPLC renders unavailable defenses that Extreme might otherwise assert, or precludes actions that Extreme might otherwise take, to minimize its obligations hereunder, then Extreme shall be excused from its obligation to indemnify BNPLC against liabilities, costs, additional taxes and other expenses, if any, which would not have been incurred but for such failure. For example, if BNPLC fails to provide Extreme with a copy of a notice of a challenge by the Internal Revenue Service covered by the indemnities set out in this Land Lease and Extreme is not otherwise already aware of such challenge, and if as a result of such failure BNPLC becomes liable for penalties and interest covered by the indemnities in excess of the penalties and interest that would have accrued if Extreme had been promptly provided with a copy of the notice, then Extreme will be excused from any obligation to BNPLC to pay the excess.

(d) Characterization of this Land Lease. For purposes of determining

the appropriate financial accounting for this Land Lease and for purposes of determining their respective rights and remedies under state law, BNPLC and Extreme believe and intend that (i) this Land Lease constitutes a true lease, not a mere financing arrangement, enforceable in accordance with its express terms, and the preceding subparagraph is not intended to affect the enforcement of any other provisions of this Land Lease or the Purchase Agreement, and (ii) the Purchase Agreement shall constitute a separate and independent contract, enforceable in accordance with the express terms and conditions set forth therein. In this regard, Extreme acknowledges that Extreme asked BNPLC to participate in the transactions evidenced by this Land Lease and the Purchase Agreement as a landlord and owner of the Property, not as a lender. Although other transactions might have been used to accomplish similar results, Extreme expects to receive certain material accounting and other advantages through the use of a lease transaction. Accordingly, and notwithstanding the reporting for income tax purposes described in the preceding subparagraph, Extreme cannot equitably deny that this Land Lease and the Purchase Agreement should be construed and enforced in accordance with their respective terms, rather than as a mortgage or other security device, in any action brought by BNPLC to enforce this Land Lease or the Purchase Agreement.

5 Payment of Executory Costs and Losses Related to the Property.

(a) Impositions. Subject only to the exceptions listed in

subparagraph 5.(d) below, Extreme shall pay or cause to be paid prior to delinquency all ad valorem taxes assessed against the Property and other Impositions. If requested by BNPLC from time to time, Extreme shall furnish BNPLC with receipts showing payment of all Impositions prior to the applicable delinquency date therefor.

Notwithstanding the foregoing, Extreme may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted Imposition, and pending such contest Extreme shall not be deemed in default under any of the provisions of this Land Lease because of the Imposition if (1) Extreme diligently prosecutes such contest to completion in a manner reasonably satisfactory to BNPLC, and (2) Extreme promptly causes to be paid any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, promptly after such judgment becomes final; provided, however, in any event each such contest shall be concluded and the contested Impositions must be paid by Extreme prior to the earlier of (i) the date that any criminal prosecution is instituted or overtly threatened against BNPLC or its directors, officers or employees because of the nonpayment thereof or (ii) the date any writ or order is issued under which any property owned or leased by BNPLC (including the Property) may be seized or sold or any other action is taken against BNPLC or against any property owned or leased by BNPLC because of the nonpayment thereof, or (iii) any Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property pursuant to the Purchase Agreement for a price to BNPLC (when taken

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together with any additional payments made by Extreme pursuant to Paragraph

1(A) (2) of the Purchase Agreement, in the case of a purchase by an Applicable

Purchaser) equal to the Break Even Price.

(b) Increased Costs; Capital Adequacy Charges. Subject only to the

exceptions listed in subparagraph 5.(d) below:

(i) If after the Effective Date there shall be any increase in the cost to BNPLC's Parent or any other Participant agreeing to make or making, funding or maintaining advances to BNPLC in connection with the Property because of any Banking Rules Change, then Extreme shall from time to time, pay to BNPLC for the account of BNPLC's Parent or such other Participant, as the case may be, additional amounts sufficient to compensate BNPLC's Parent or the Participant for such increased cost. An increase in costs resulting from any imposition or increase of reserve requirements applicable to Collateral held from time to time by BNPLC's Parent or other Participants pursuant to the Pledge Agreement would be an increase covered by the preceding sentence. A certificate as to the amount of such increased cost, submitted to BNPLC and Extreme by BNPLC's Parent or the other Participant, shall be conclusive and binding upon Extreme, absent clear and demonstrable error.

(ii) BNPLC's Parent or any other Participant may demand additional payments ("Capital Adequacy Charges") if BNPLC's Parent or the other Participant determines that any Banking Rules Change affects the amount of capital to be maintained by it and that the amount of such capital is increased by or based upon the existence of advances made or to be made to BNPLC to permit BNPLC to maintain BNPLC's investment in the Property. To the extent that BNPLC's Parent or another Participant demands Capital Adequacy Charges as compensation for the additional capital requirements reasonably allocable to such investment or advances, Extreme shall pay to BNPLC for the account of BNPLC's Parent or the other Participant, as the case may be, the amount so demanded. Without limiting the foregoing, BNPLC and Extreme hereby acknowledge and agree that the provisions for calculating Base Rent set forth herein reflect the assumption that the Pledge Agreement will cause a zero percent (0%) risk weight to be assigned to a percentage (equal to the Collateral Percentage) of the collective investment of BNPLC and the Participants in the Property pursuant to 12 Code of Federal Regulations, part 225, as from time to time supplemented or amended, or pursuant to any other similar or successor statute or regulation applicable to BNPLC and the Participants. If and so long as such risk weight is increased the assumed amount of zero percent (0%) because of a Banking Rules Change, Capital Adequacy Charges may be collected to yield the same rate of return to BNPLC, BNPLC's Parent and any other Participants (net of their costs of maintaining required capital) that they would have enjoyed from this Land Lease absent such increase.

(iii) Notwithstanding the foregoing provisions of this subparagraph 5.(b), Extreme shall not be obligated to pay any claim for compensation pursuant to this subparagraph 5.(b) arising or accruing more than six months prior to the date Extreme is notified that BNPLC or a Participant intends to make the claim; provided, however, that Extreme shall not be excused by this subparagraph from providing such compensation for any period during which notice on behalf of BNPLC or the Participant, as the case may be, could not be provided because of the retroactive application of the statute, regulation or other basis for the claim.

(iv) Any amount required to be paid by Extreme under this subparagraph 5.(b) shall be due fifteen days after a notice requesting such payment is received by Extreme.

(c) Extreme's Payment of Other Losses; General Indemnification.

Subject only to the exceptions listed in subparagraph 5.(d) below:

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(i) All Losses (including Environmental Losses) asserted against or

incurred or suffered by BNPLC or other Interested Parties at any time and from time to time by reason of, in connection with or arising out of (A) their ownership or alleged ownership of any interest in the Property or the Rents, (B) the use and operation of the Property, (C) the negotiation, administration or enforcement of the Operative Documents, (D) the making of the Funding Advances, (E) the breach by Extreme of this Land Lease or any other document executed by Extreme in connection herewith, (F) any failure of the Property or Extreme itself to comply with Applicable Laws, (G) Permitted Encumbrances, (H) Hazardous Substance Activities, including those occurring prior to Effective Date, (I) any obligations under the Acquisition Contract that survive the closing under the Acquisition Contract, or (K) any bodily or personal injury or death or property damage occurring in or upon or in the vicinity of the Property through any cause whatsoever, shall be paid by Extreme, and Extreme shall indemnify and defend BNPLC and other Interested Parties from and against all such Losses.

(ii) THE INDEMNITIES AND RELEASES PROVIDED HEREIN FOR THE BENEFIT OF BNPLC AND OTHER INTERESTED PARTIES, INCLUDING THE INDEMNITY SET FORTH IN

THE PRECEDING SUBPARAGRAPH 5.(c) (i), SHALL APPLY EVEN IF AND WHEN THE SUBJECT MATTERS OF THE INDEMNITIES AND RELEASES ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OR STRICT LIABILITY OF BNPLC OR ANOTHER INTERESTED PARTY.

FURTHER, SUCH INDEMNITIES AND RELEASES WILL APPLY EVEN IF INSURANCE OBTAINED BY EXTREME OR REQUIRED OF EXTREME BY THIS LAND LEASE OR OTHER

OPERATIVE DOCUMENTS IS NOT ADEQUATE TO COVER LOSSES AGAINST OR FOR WHICH

THE INDEMNITIES AND RELEASES ARE PROVIDED. EXTREME'S LIABILITY, HOWEVER, FOR ANY FAILURE TO OBTAIN INSURANCE REQUIRED BY THIS LAND LEASE OR OTHER

OPERATIVE DOCUMENTS WILL NOT BE LIMITED TO LOSSES AGAINST WHICH INDEMNITIES

ARE PROVIDED HEREIN, IT BEING UNDERSTOOD THAT SUCH INSURANCE IS INTENDED TO DO MORE THAN PROVIDE A SOURCE OF PAYMENT FOR LOSSES AGAINST WHICH BNPLC AND

OTHER INTERESTED PARTIES ARE ENTITLED TO INDEMNIFICATION BY THIS LAND

LEASE.

(iii) Costs and expenses for which Extreme shall be responsible pursuant to this subparagraph 5.(c) will include appraisal fees, filing and recording fees, inspection fees, survey fees, taxes, brokerage fees and commissions, abstract fees, title policy fees, Uniform Commercial Code search fees, escrow fees and Attorneys' Fees incurred by BNPLC with respect to the Property, whether such costs and expenses are incurred at the time of execution of this Land Lease or at any time during the Term.

(iv) Extreme's obligations under this subparagraph 5.(c) shall survive the termination or expiration of this Land Lease. Any amount to be paid by Extreme under this subparagraph 5.(c) shall be due fifteen days after a notice requesting such payment is received by Extreme.

(v) If an Interested Party notifies Extreme of any claim or proceeding included in, or any investigation or allegation concerning, Losses for which Extreme is responsible pursuant to this subparagraph 5.(c), Extreme shall assume on behalf of the Interested Party and conduct with due diligence and in good faith the investigation and defense thereof and the response thereto with counsel selected by Extreme, but reasonably satisfactory to the Interested Party; provided, that the Interested Party shall have the right to be represented by advisory counsel of its own selection and at its own expense; and provided further, that if any such claim, proceeding, investigation or allegation involves both Extreme and the Interested Party and the Interested Party shall have reasonably concluded that there are legal defenses

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available to it which are inconsistent with or in addition to those available to Extreme, then the Interested Party shall have the right to select separate counsel to participate in the investigation and defense of

and response to such claim, proceeding, investigation or allegation on its own behalf, and Extreme shall pay or reimburse the Interested Party for all Attorney's Fees incurred by the Interested Party because of the selection of such separate counsel. If Extreme fails to assume promptly (and in any event within fifteen days after being notified of the applicable claim, proceeding, investigation or allegation) the defense of the Interested Party, then the Interested Party may contest (or settle, with the prior consent of Extreme, which consent will not be unreasonably withheld) the claim, proceeding, investigation or allegation at Extreme's expense using counsel selected by the Interested Party. Moreover, if any such failure by Extreme continues for forty-five days or more after Extreme is notified of any such claim, proceeding, investigation or allegation, the Interested Party may elect not to contest or continue contesting the same and instead, in accordance with the written advice of counsel, settle (or pay in full) all claims related thereto without Extreme's consent and without releasing Extreme from any obligations to the Interested Party under this subparagraph 5.(c).

(d) Exceptions and Qualifications to Indemnities.

(i) BNPLC acknowledges and agrees that nothing in subparagraph 4.(a) or the preceding subparagraphs of this Paragraph 5 shall be construed to require Extreme to pay or reimburse (w) any costs or expenses incurred by any Interested Party (including BNPLC or any transferee of BNPLC) to accomplish any Permitted Transfers described in clauses (1), (2), (3), (4) or (6) of the definition thereof in the Common Definitions and Provisions Agreement (Land), (x) Excluded Taxes, (y) Losses incurred or suffered by any Interested Party that are proximately caused by (and attributed by any applicable principles of comparative fault to) the Established Misconduct of that Interested Party, or (z) Losses incurred or suffered in connection with the execution of the Participation Agreement or Pledge Agreement by Participants (or supplements making them parties thereto) or in connection with any negotiation or due diligence Participants may undertake before entering into the Participation Agreement or Pledge Agreement. Further, without limiting BNPLC's rights (as provided in other provisions of this Land Lease and other Operative Documents) to include the following in the calculation of Stipulated Loss Value and the Break Even Price or to collect Base Rent, a Supplemental Payment and other amounts, the calculation of which depends upon Stipulated Loss Value or the Break Even Price, BNPLC acknowledges and agrees that nothing in subparagraph 4.(a) or the preceding subparagraphs of this Paragraph 5 shall be construed to require Extreme to pay or reimburse an Interested Party for costs paid by BNPLC with the proceeds of the Initial Funding Advance as part of the Transaction Expenses.

Further, if an Interested Party receives a written notice of Losses that such Interested Party believes are covered by the indemnity in subparagraph 5.(c)(i), then such Interested Party will be expected to promptly furnish a copy of such notice to Extreme. The failure to so provide a copy of the notice to Extreme shall not excuse Extreme from its obligations under subparagraph 5.(c)(i); provided, that if Extreme is unaware of the matters described in the notice and such failure renders unavailable defenses that Extreme might otherwise assert, or precludes actions that Extreme might otherwise take, to minimize its obligations, then Extreme shall be excused from its obligation to indemnify such Interested Party (and any Affiliate of such Interested Party) against the Losses, if any, which would not have been incurred or suffered but for such failure. For example, if BNPLC fails to provide Extreme with a copy of a notice of an obligation covered by the indemnity set out in subparagraph 5.(c)(i) and Extreme is not otherwise already aware of such obligation, and if as a result of such failure BNPLC becomes liable for penalties and interest covered by the indemnity in excess of the penalties and interest that would have accrued if Extreme had been promptly

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provided with a copy of the notice, then Extreme will be excused from any obligation to BNPLC (or any Affiliate of BNPLC) to pay the excess.

6 Environmental.

(a) Environmental Covenants by Extreme. Extreme covenants that:

(i) Extreme shall not conduct or permit others to conduct Hazardous Substance Activities, except Permitted Hazardous Substance Use and Remedial Work.

(ii) Extreme shall not discharge or permit the discharge of anything on or from the Property that would require any permit under applicable Environmental Laws, other than (1) storm water runoff, (2) waste water discharges through a publicly owned treatment works, (3) discharges that are a necessary part of any Remedial Work, and (4) other similar discharges consistent with the definition herein of Permitted Hazardous Substance Use, in each case in strict compliance with Environmental Laws.

(iii) Following any discovery that Remedial Work is required by Environmental Laws or otherwise believed by BNPLC to be reasonably required, and to the extent not inconsistent with the other provisions of this Land Lease, Extreme shall promptly perform and diligently and continuously pursue such Remedial Work, in each case in strict compliance with Environmental Laws.

(iv) If requested by BNPLC in connection with any Remedial Work required by this subparagraph, Extreme shall retain independent environmental consultants acceptable to BNPLC to evaluate any significant new information generated during Extreme's implementation of the Remedial Work and to discuss with Extreme whether such new information indicates the need for any additional measures that Extreme should take to protect the health and safety of persons (including employees, contractors and subcontractors and their employees) or to protect the environment. Extreme shall implement any such additional measures to the extent required with respect to the Property by Environmental Laws or otherwise believed by BNPLC to be reasonably required and to the extent not inconsistent with the other provisions of this Land Lease.

(b) Right of BNPLC to do Remedial Work Not Performed by Extreme. If

Extreme's failure to cure any breach of the covenants set forth in subparagraph 6.(a) continues beyond the Environmental Cure Period (as defined below), BNPLC may, in addition to any other remedies available to it, conduct all or any part of the Remedial Work. To the extent that Remedial Work is done by BNPLC pursuant to the preceding sentence (including any removal of Hazardous Substances), the cost thereof shall be a demand obligation owing by Extreme to BNPLC. As used in this subparagraph, "Environmental Cure Period" means the period ending on the earlier of: (1) one hundred eighty days after Extreme is notified of the breach which must be cured within such period, (2) the date that any writ or order is issued for the levy or sale of any property owned by BNPLC (including the Property) because of such breach, (3) the date that any criminal action is instituted or overtly threatened against BNPLC or any of its directors, officers or employees because of such breach, or (4) any Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property pursuant to the Purchase Agreement for a net price to BNPLC (when taken together with any Supplemental Payment made by Extreme pursuant to Paragraph 1(A) (2) of the Purchase Agreement,

in the case of a purchase by an Applicable Purchaser) equal to Stipulated Loss Value.

(c) Environmental Inspections and Reviews. BNPLC reserves the right

to retain environmental consultants to review any environmental report prepared by Extreme or to conduct BNPLC's own

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investigation to confirm whether Extreme is complying with the requirements of this Paragraph 6. Extreme grants to BNPLC and to BNPLC's agents, employees, consultants and contractors the right to enter upon the Property during reasonable hours and after reasonable notice to inspect the Property and to perform such tests as BNPLC deems necessary or appropriate to review or investigate Hazardous Substances in, on, under or about the Property or any discharge or suspected discharge of Hazardous Substances into groundwater or

surface water from the Property. Extreme shall promptly reimburse BNPLC for the fees of its environmental consultants and the costs of any such inspections and tests; provided, however, BNPLC's right to such reimbursement shall be limited to the following circumstances: (1) a breach of this Paragraph 6 by Extreme shall, in fact, have occurred or an Event of Default shall have occurred and be continuing at the time BNPLC engages the consultants or first initiates the inspections and tests; (2) BNPLC shall have engaged the consultants or undertaken the tests and inspections to establish the condition of the Property just prior to any conveyance of the Property pursuant to the Option Agreement or to the expiration of this Land Lease; (3) BNPLC shall have engaged the consultants or undertaken the inspections and tests to satisfy any regulatory requirements applicable to BNPLC or its Affiliates; or (4) BNPLC shall have engaged the consultants or undertaken the tests because BNPLC was notified of a violation of Environmental Laws concerning the Property by any governmental authority or owner of other land in the vicinity of the Land.

(d) Communications Regarding Environmental Matters.

(i) Extreme shall immediately advise BNPLC of (1) any discovery of any event or circumstance which would render any of the representations of Extreme herein or in the Closing Certificate concerning environmental matters materially inaccurate or misleading if made at the time of such discovery and assuming that Extreme was aware of all relevant facts, (2) any Remedial Work (or change in Remedial Work) required or undertaken by Extreme or its Affiliates in response to any (A) discovery of any Hazardous Substances on, under or about the Property other than Permitted Hazardous Substances or (B) any claim for damages resulting from Hazardous Substance Activities, (3) Extreme's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property which could cause the Property or any part thereof to be subject to any ownership, occupancy, transferability or use restrictions under Environmental Laws, or (4) any investigation or inquiry of any failure or alleged failure by Extreme to comply with Environmental Laws affecting the Property by any governmental authority responsible for enforcing Environmental Laws. In such event, Extreme shall deliver to BNPLC within thirty days after BNPLC's request, a preliminary written environmental plan setting forth a general description of the action that Extreme proposes to take with respect thereto, if any, to bring the Property into compliance with Environmental Laws or to correct any breach by Extreme of this Paragraph 6, including any proposed Remedial Work, the estimated cost and time of completion, the name of the contractor and a copy of the construction contract, if any, and such additional data, instruments, documents, agreements or other materials or information as BNPLC may request.

(ii) Extreme shall provide BNPLC with copies of all material written communications with federal, state and local governments, or agencies relating to the matters listed in the preceding clause (i). Extreme shall also provide BNPLC with copies of any correspondence from third Persons which threaten litigation over any significant failure or alleged significant failure of Extreme to maintain or operate the Property in accordance with Environmental Laws.

(iii) Prior to Extreme's submission of a Material Environmental Communication to any governmental or regulatory agency or third party, Extreme shall, to the extent practicable, deliver to BNPLC a draft of the proposed submission (together with the proposed date of submission), and in good faith assess and consider any comments of BNPLC regarding the same. Promptly after BNPLC's request, Extreme shall meet with BNPLC to discuss the submission, shall provide any additional information

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requested by BNPLC and shall provide a written explanation to BNPLC addressing the issues raised by comments (if any) of BNPLC regarding the submission, including a reasoned analysis supporting any decision by Extreme not to modify the submission in accordance with comments of BNPLC.

7 Insurance Required and Condemnation.

(a) Liability Insurance. Throughout the Term Extreme shall maintain

commercial general liability insurance against claims for bodily and personal injury, death and property damage occurring in or upon or resulting from any occurrence in or upon the Property under one or more insurance policies that satisfy the requirements set forth in Exhibit B. Extreme shall deliver and

maintain with BNPLC for each liability insurance policy required by this Land Lease written confirmation of the policy and the scope of the coverage provided thereby issued by the applicable insurer or its authorized agent, which confirmation must also satisfy the requirements set forth in Exhibit B.

(b) Failure to Obtain Insurance. If Extreme fails to obtain any

insurance or to provide confirmation of any such insurance as required by this Land Lease, BNPLC shall be entitled (but not required) to obtain the insurance that Extreme has failed to obtain or for which Extreme has not provided the required confirmation and, without limiting BNPLC's other remedies under the circumstances, BNPLC may require Extreme to reimburse BNPLC for the cost of such insurance and to pay interest thereon computed at the Default Rate from the date such cost was paid by BNPLC until the date of reimbursement by Extreme.

(c) Condemnation. Immediately upon obtaining knowledge of the

institution of any proceedings for the condemnation of the Property or any portion thereof, or any other similar governmental or quasi-governmental proceedings arising out of injury or damage to the Property or any portion thereof, each party shall notify the other (provided, however, BNPLC shall have no liability for its failure to provide such notice) of the pendency of such proceedings. Extreme shall, at its expense, diligently prosecute any such proceedings and shall consult with BNPLC, its attorneys and experts and cooperate with them as requested in the carrying on or defense of any such proceedings. All proceeds of condemnation awards or proceeds of sale in lieu of condemnation with respect to the Property and all judgments, decrees and awards for injury or damage to the Property shall be paid to BNPLC as Escrowed Proceeds, and all such proceeds will be applied as provided in Paragraph 8. BNPLC is hereby authorized, in the name of Extreme, at any time when an Event of Default shall have occurred and be continuing, or otherwise with Extreme's prior consent, to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award concerning condemnation of any of the Property. BNPLC shall not be in any event or circumstances liable or responsible for failure to collect, or to exercise diligence in the collection of, any such proceeds, judgments, decrees or awards.

8. Application of Insurance and Condemnation Proceeds.

(a) Collection and Application of Insurance and Condemnation Proceeds

Generally. This Paragraph 8 shall govern the application of proceeds received by

BNPLC or Extreme during the Term from any third party (1) as compensation for any restriction placed upon the use or development of the Property or for the condemnation of the Property or any portion thereof, or (2) because of any judgment, decree or award for injury or damage to the Property (e.g., damage resulting from a third party's release of Hazardous Materials onto the Property); excluding, however, any funds paid to BNPLC by BNPLC's Parent, by an Affiliate of BNPLC or by any Participant that is made to compensate BNPLC for any Losses BNPLC may suffer or incur in connection with this Land Lease or the Property. Except as provided in subparagraph 8.(d), Extreme will promptly pay over to BNPLC any condemnation or other proceeds covered by this Paragraph 8 which Extreme may receive from any condemning authority or other third party. All proceeds covered by this Paragraph 8, including those received by

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BNPLC from Extreme or third parties, shall be applied as follows:

(i) First, proceeds covered by this Paragraph 8 will be used to reimburse BNPLC for any costs and expenses, including Attorneys' Fees, that BNPLC incurred to collect the proceeds.

(ii) Second, the proceeds remaining after such reimbursement to

BNPLC (hereinafter, the "Remaining Proceeds") will be applied, as hereinafter more particularly provided, either as a Qualified Prepayment or to reimburse Extreme or BNPLC for the actual out-of-pocket costs of repairing or restoring the Property. Until, however, any Remaining Proceeds received by BNPLC are applied by BNPLC as a Qualified Prepayment or applied by BNPLC to reimburse costs of repairs to or restoration of the Property pursuant to this Paragraph 8, BNPLC shall hold and maintain such Remaining Proceeds as Escrowed Proceeds in an interest bearing account, and all interest earned on such account shall be added to and made a part of such Escrowed Proceeds.

(b) Advances of Escrowed Proceeds to Extreme. Except as otherwise

provided below in this Paragraph 8, BNPLC shall advance all Remaining Proceeds held by it as Escrowed Proceeds to reimburse Extreme for the actual out-of-pocket cost to Extreme of repairing or restoring the Property in accordance with the requirements of this Land Lease and the other Operative Documents as the applicable repair or restoration progresses and upon compliance by Extreme with such terms, conditions and requirements as may be reasonably imposed by BNPLC. In no event, however, shall BNPLC be required to pay Escrowed Proceeds to Extreme in excess of the actual out-of-pocket cost to Extreme of the applicable repair or restoration, as evidenced by invoices or other documentation satisfactory to BNPLC, it being understood that BNPLC may retain and apply any such excess as a Qualified Prepayment.

(c) Application of Escrowed Proceeds as a Qualified Prepayment.

Provided no Event of Default shall have occurred and be continuing, BNPLC shall apply any Remaining Proceeds paid to it (or other amounts available for application as a Qualified Prepayment) as a Qualified Prepayment on any date that BNPLC is directed to do so by a notice from Extreme; however, if such a notice from Extreme specifies an effective date for a Qualified Prepayment that is less than five Business Days after BNPLC's actual receipt of the notice, BNPLC may postpone the date of the Qualified Prepayment to any date not later than five Business Days after BNPLC's receipt of the notice. In any event, except when BNPLC is required by the preceding sentence to apply Remaining Proceeds or other amounts as a Qualified Prepayment on the last day of a Base Rent Period, BNPLC may deduct Breakage Costs incurred in connection with any Qualified Prepayment from the Remaining Proceeds or other amounts available for application as the Qualified Prepayment, and Extreme will reimburse BNPLC upon request for any such Breakage Costs that BNPLC incurs but does not deduct.

(d) Special Provisions Applicable After Completion by Extreme of the

Initial Renovations. If, after Extreme has completed any Initial Renovations

which Extreme elects to undertake as provided in the Other Lease, any taking by condemnation of any portion of the Property or any diminution, destruction, demolition or damage to any portion of the Property shall (in the good faith judgment of BNPLC) reduce the then current "AS IS" market value by less than \$500,000 and (in the good faith estimation of BNPLC) be unlikely to result in Remaining Proceeds of more than \$500,000, and if no Event of Default shall have occurred and be continuing, then BNPLC will, upon Extreme's request, instruct the condemning authority or insurer, as applicable, to pay the Remaining Proceeds resulting therefrom directly to Extreme. Extreme shall apply any such Remaining Proceeds to the repair or restoration of the Property to a safe and secure condition and to a value of no less than the value before taking or casualty.

(e) Special Provisions Applicable After an Event of Default.

Notwithstanding the foregoing,

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when any Event of Default shall have occurred and be continuing, BNPLC shall be entitled to receive and collect all condemnation or other proceeds governed by this Paragraph 8 and to apply all Remaining Proceeds, when and to the extent deemed appropriate by BNPLC in its sole discretion, either (A) to the reimbursement of Extreme or BNPLC for the out-of-pocket cost of repairing or restoring the Property, or (B) as Qualified Prepayments.

(f) Extreme's Obligation to Restore. Regardless of the adequacy of

any Remaining Proceeds available to Extreme hereunder, and notwithstanding other provisions of this Land Lease to the contrary, if the Property is damaged or less than all or substantially all of the Property is taken by condemnation, Extreme must:

(i) increase the value of the Property or the remainder thereof by restoring the same (in a manner consistent with the requirements and limitations imposed by this Land Lease and the other Operative Documents or otherwise acceptable to BNPLC), or decrease Stipulated Loss Value by tendering a payment to BNPLC for application as a Qualified Prepayment, as necessary to cause the then current AS IS market value of the Property to be not less than Stipulated Loss Value; and

(ii) restore the Property or the remainder thereof to a reasonably safe and sightly condition.

(g) Takings of All or Substantially All of the Property. In the event

of any taking of all or substantially all of the Property, BNPLC shall be entitled to apply all Remaining Proceeds as a Qualified Prepayment. In addition, if Stipulated Loss Value immediately prior to any such taking exceeds the sum of the Remaining Proceeds resulting from such a condemnation, then BNPLC shall be entitled to recover the excess from Extreme upon demand as an additional Qualified Prepayment, whereupon this Land Lease shall terminate. Any taking of so much of the Real Property as, in BNPLC's reasonable good faith judgment, makes it impracticable to restore or improve the remainder thereof as required by part (ii) of the preceding subparagraph shall be considered a taking of substantially all the Property for purposes of this Paragraph 8.

9. Additional Representations, Warranties and Covenants of Extreme Concerning the Property. Extreme represents, warrants and covenants as follows:

(a) Compliance with Covenants and Laws. The use of the Property

permitted by this Land Lease complies, or will comply after Extreme obtains available permits as the tenant under this Land Lease, in all material respects with all Applicable Laws. Extreme has obtained or will promptly obtain all utility, building, health and operating permits as may be required by any governmental authority or municipality having jurisdiction over the Property for any construction upon or use of the Property permitted by this Land Lease.

(b) Operation of the Property. During the Term, Extreme shall operate

the Property in a good and workmanlike manner and substantially in compliance with all Applicable Laws and will pay or cause to be paid all fees or charges of any kind in connection therewith. (If Extreme does not promptly correct any failure of the Property to comply with Applicable Laws that is the subject of a written notice given to Extreme or BNPLC by any governmental authority, then for purposes of the preceding sentence, Extreme shall be considered not to have maintained the Property "substantially in accordance with Applicable Laws" whether or not the noncompliance would be substantial in the absence of the notice.) During the Term, Extreme shall not use or occupy, or allow the use or occupancy of, the Property in any manner which violates any Applicable Law or which constitutes a public or private nuisance or which makes void, voidable or cancelable any insurance then in force with respect thereto. During the Term, to the extent that any of the following would, individually or in the aggregate, materially and adversely affect the value of the Property or the use of the Property for purposes permitted by this Lease, Extreme shall not, without BNPLC's prior consent: (i) initiate or permit any zoning reclassification of the Property; (ii) seek any variance under existing zoning ordinances applicable to the Property; (iii) use or permit the use of the Property

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in a manner that would result in such use becoming a nonconforming use under applicable zoning ordinances or similar laws, rules or regulations; (iv) execute or file any subdivision plat affecting the Property; or (v) consent to the annexation of the Property to any municipality. If during the Term (A) a change in the zoning or other Applicable Laws affecting the permitted use or development of the Property shall occur that (in BNPLC's good faith judgment)

reduces the value of the Property, or (B) conditions or circumstances on or about the Property are discovered (such as the presence of an endangered species) which substantially impede development and thereby (in BNPLC's good faith judgment) reduce the value of the Property, then Extreme shall upon demand pay BNPLC an amount equal to such reduction (as determined by BNPLC in good faith) for application as a Qualified Prepayment. Extreme shall not permit any drilling or exploration for, or extraction, removal or production of, minerals from the surface or subsurface of the Property, and Extreme shall not do anything that could reasonably be expected to significantly reduce the market value of the Property. If Extreme receives a notice or claim from any federal, state or other governmental authority that the Property is not in compliance with any Applicable Law, or that any action may be taken against BNPLC because the Property does not comply with any Applicable Law, Extreme shall promptly furnish a copy of such notice or claim to BNPLC.

Notwithstanding the foregoing, Extreme may in good faith, by appropriate proceedings, contest the validity and applicability of any Applicable Law with respect to the Property, and pending such contest Extreme shall not be deemed in default hereunder because of the violation of such Applicable Law, if Extreme diligently prosecutes such contest to completion in a manner reasonably satisfactory to BNPLC, and if Extreme promptly causes the Property to comply with any such Applicable Law upon a final determination by a court of competent jurisdiction that the same is valid and applicable to the Property; provided, however, in any event such contest shall be concluded and the violation of such Applicable Law must be corrected by Extreme and any claims asserted against BNPLC or the Property because of such violation must be paid by Extreme, all prior to the earlier of (i) the date that any criminal prosecution is instituted or overtly threatened against BNPLC or any of its directors, officers or employees because of such violation, (ii) the date that any action is taken by any governmental authority against BNPLC or any property owned by BNPLC (including the Property) because of such violation, or (iii) a Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property pursuant to the Purchase Agreement for a price to BNPLC (when taken together with any additional payments made by Extreme pursuant to Paragraph 1(A)(2) of -----
the Purchase Agreement, in the case of a purchase by an Applicable Purchaser) equal to the Break Even Price.

(c) Debts for Construction, Maintenance, Operation or Development.

Extreme shall cause all debts and liabilities incurred in the construction, maintenance, operation or development of the Property, including all debts and liabilities for labor, material and equipment and all debts and charges for utilities servicing the Property, to be promptly paid; provided, that nothing in this subparagraph will be construed to require Extreme to remove Liens Removable by BNPLC.

Notwithstanding the foregoing, Extreme may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted mechanic's or materialmen's lien and pending such contest Extreme shall not be deemed in default under this subparagraph because of the contested lien if (1) within sixty days after being asked to do so by BNPLC, Extreme bonds over to BNPLC's reasonable satisfaction all such contested liens against the Property alleged to secure an amount in excess of \$500,000 (individually or in the aggregate), (2) Extreme diligently prosecutes such contest to completion in a manner reasonably satisfactory to BNPLC, and (3) Extreme promptly causes to be paid any amount adjudged by a court of competent jurisdiction to be due, with all costs and interest thereon, promptly after such judgment becomes final; provided, however, that in any event each such contest shall be concluded and the lien, interest and costs must be paid by Extreme prior to the earlier of (i) the date that any criminal prosecution is instituted or overtly threatened against BNPLC or its directors, officers or employees because of the nonpayment thereof, (ii) the date that any writ or order is issued under which the

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Property or any other property in which BNPLC has an interest may be seized or sold or any other action is taken against BNPLC or any property in which BNPLC has an interest because of the nonpayment thereof, or (iii) a Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property

pursuant to the Purchase Agreement for a price to BNPLC (when taken together with any additional payments made by Extreme pursuant to Paragraph 1(A)(2) of the Purchase Agreement, in the case of a purchase by an Applicable Purchaser) equal to the Break Even Price.

(d) Repair, Maintenance, Alterations and Additions. Extreme shall keep the Property in good order, operating condition and appearance and shall cause all necessary repairs, renewals and replacements to be promptly made. Extreme will not allow any of the Property to be materially misused, abused or wasted.

(e) Permitted Encumbrances and Development Documents. Extreme shall during the Term comply with and will cause to be performed all of the covenants, agreements and obligations imposed upon the owner of any interest in the Property by the Permitted Encumbrances (including the Premises Leases) or the Development Documents. Without limiting the foregoing, Extreme shall cause all amounts to be paid when due, the payment of which is secured by any Lien against the Property created by the Permitted Encumbrances. Without the prior consent of BNPLC, Extreme shall not enter into, initiate, approve or consent to any modification of any Permitted Encumbrance or Development Document that would create or expand or purport to create or expand obligations or restrictions which would encumber BNPLC's interest in the Property. (Whether BNPLC must give any such consent requested by Extreme during the Term of this Land Lease shall be governed by subparagraph 3(A) of the Closing Certificate and Agreement.)

(f) Books and Records Concerning the Property. Extreme shall keep books and records that are accurate and complete in all material respects for the Property and, subject to Paragraph 13.(c), will permit all such books and records to be inspected and copied by BNPLC. This subparagraph shall not be construed as requiring Extreme to regularly maintain separate books and records relating exclusively to the Property; provided, however, that upon request, Extreme shall construct or abstract from its regularly maintained books and records information required by this subparagraph relating to the Property.

10. Financial Covenants, Reporting Covenants and Other Covenants Incorporated by Reference to Schedule 1. Throughout the Term of this Land Lease, Extreme shall comply with the requirements of Schedule 1 attached hereto.

11. Assignment and Subletting by Extreme.

(a) BNPLC's Consent Required. Without the prior consent of BNPLC, Extreme shall not assign, transfer, mortgage, pledge or hypothecate this Land Lease or any interest of Extreme hereunder and shall not sublet all or any part of the Property, by operation of law or otherwise; provided, that this provision shall not be construed to prohibit any sublease of space within Improvements expressly permitted by the Other lease Agreement.

(b) Standard for BNPLC's Consent to Assignments and Certain Other Matters. Consents and approvals of BNPLC which are required by this Paragraph 11 will not be unreasonably withheld or delayed, but Extreme acknowledges that BNPLC's withholding of such consent or approval shall be reasonable if BNPLC determines in good faith that (1) giving the approval may materially increase BNPLC's risk of liability for any existing or future environmental problem, or (2) giving the approval is likely to increase BNPLC's administrative burden of complying with or monitoring Extreme's compliance with the requirements of this Land Lease.

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(c) Consent Not a Waiver. No consent by BNPLC to a sale, assignment, transfer, mortgage, pledge or hypothecation of this Land Lease or Extreme's interest hereunder, and no assignment or subletting of the Property or any part

thereof in accordance with this Land Lease or otherwise with BNPLC's consent, shall release Extreme from liability hereunder; and any such consent shall apply only to the specific transaction thereby authorized and shall not relieve Extreme from any requirement of obtaining the prior consent of BNPLC to any further sale, assignment, transfer, mortgage, pledge or hypothecation of this Land Lease or any interest of Extreme hereunder.

12. Assignment by BNPLC.

(a) Restrictions on Transfers. Except by a Permitted Transfer, BNPLC

shall not assign, transfer, mortgage, pledge, encumber or hypothecate this Land Lease or the other Operative Documents or any interest of BNPLC in and to the Property during the Term without the prior consent of Extreme, which consent Extreme may withhold in its sole discretion. Further, notwithstanding anything to the contrary herein contained, if withholding taxes are imposed on the rents and other amounts payable to BNPLC hereunder because of BNPLC's assignment of this Land Lease to any citizen of, or any corporation or other entity formed under the laws of, a country other than the United States, Extreme shall not be required to compensate BNPLC or any such assignee for the withholding tax. If, in breach of this subparagraph, BNPLC transfers the Property or any part thereof by a conveyance or that does not constitute a Permitted Transfer, with the result that additional transfer taxes or other Impositions are assessed against the Property or the owner thereof, BNPLC shall be required to pay such additional transfer taxes or other Impositions.

(b) Effect of Permitted Transfer or other Assignment by BNPLC. If,

without breaching subparagraph 12.(a), BNPLC sells or otherwise transfers the Property and assigns to the transferee all of BNPLC's rights under this Land Lease and under the other Operative Documents, and if the transferee expressly assumes all of BNPLC's obligations under this Land Lease and under the other Operative Documents, then BNPLC shall thereby be released from any obligations arising after such assumption under this Land Lease or under the other Operative Documents, and Extreme shall look solely to each successor in interest of BNPLC for performance of such obligations. (As used in this subparagraph, "Operative Documents" is intended to mean not only the Operative Documents as defined in the Common Definitions and Provisions Agreement (Land), but also the Operative Documents as defined in the Other Common Definitions and Provisions Agreement.)

13. BNPLC'S Right Of Access.

(a) During the Term, BNPLC and BNPLC's representatives may (subject to subparagraphs 13.(c) and 13.(d)) enter the Property at any reasonable time after five Business Days advance written notice to Extreme for the purpose of making inspections or performing any work BNPLC is authorized to undertake by the next subparagraph or for the purpose confirming whether Extreme has complied with the requirements of this Land Lease or the other Operative Documents.

(b) If Extreme fails to perform any act or to take any action required of it by this Land Lease or the Closing Certificate, or to pay any money which Extreme is required by this Land Lease or the Closing Certificate to pay, and if such failure or action constitutes an Event of Default or renders BNPLC or any director, officer, employee or Affiliate of BNPLC at risk of criminal prosecution or renders BNPLC's interest in the Property or any part thereof at risk of forfeiture by forced sale or otherwise, then in addition to any other remedies specified herein or otherwise available, BNPLC may, perform or cause to be performed such act or take such action or pay such money. Any expenses so incurred by BNPLC, and any money so paid by BNPLC, shall be a demand obligation owing by Extreme to BNPLC. Further, BNPLC, upon making such payment, shall be subrogated to all

[Land]

of the rights of the person, corporation or body politic receiving such payment. But nothing herein shall imply any duty upon the part of BNPLC to do any work which under any provision of this Land Lease Extreme may be required to perform, and the performance thereof by BNPLC shall not constitute a waiver of Extreme's default. BNPLC may during the progress of any such work permitted by BNPLC hereunder on or in the Property keep and store upon the Property all necessary materials, tools, and equipment. BNPLC shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage to

Extreme or the subtenants or invitees of Extreme by reason of making such repairs or the performance of any such work on or in the Property, or on account of bringing materials, supplies and equipment into or through the Property during the course of such work (except for any liability in excess of the liability insurance limits established in Exhibit B resulting from death or

injury or damage to the property of third parties caused by the Established Misconduct of BNPLC or its officers, employees, or agents in connection therewith), and the obligations of Extreme under this Land Lease shall not thereby be excused in any manner.

(c) Extreme shall have no obligation to provide proprietary information (as defined in the next sentence) to BNPLC, except and to the extent that (1) BNPLC reasonably determines that BNPLC cannot accomplish the purposes of BNPLC's inspection of the Property or exercise of other rights granted pursuant to the various express provisions of this Land Lease and the other Operative Documents without evaluating such information. For purposes of this Land Lease "proprietary information" includes Extreme's intellectual property, trade secrets and other confidential information of value to Extreme about, among other things, Extreme's manufacturing processes, products, marketing and corporate strategies, but in no event will "proprietary information" include any disclosure of substances and materials (and their chemical composition) which are or previously have been present in, on or under the Property at the time of any inspections by BNPLC, nor will "proprietary information" include any additional disclosures reasonably required to permit BNPLC to determine whether the presence of such substances and materials has constituted a violation of Environmental Laws. In addition, under no circumstances shall Extreme have any obligation to disclose to BNPLC or any other party any proprietary information of Extreme (including, without limitation, any pending applications for patents or trademarks, any research and design and any trade secrets) except if and to the limited extent reasonably necessary to comply with the express provisions of this Land Lease or the other Operative Documents.

(d) So long as Extreme remains in possession of the Property, BNPLC or BNPLC's representative will, before making any inspection or performing any work on the Property authorized by this Land Lease, if then requested to do so by Extreme to maintain Extreme's security: (i) sign in at Extreme's security or information desk if Extreme has such a desk on the premises, (ii) wear a visitor's badge or other reasonable identification, (iii) permit an employee of Extreme to observe such inspection or work, and (iv) comply with other similar reasonable nondiscriminatory security requirements of Extreme that do not, individually or in the aggregate, significantly interfere with inspections or work of BNPLC authorized by this Land Lease.

14. Events of Default. Each of the following events shall be an "Event of Default" by Extreme under this Land Lease:

(a) Extreme shall fail to pay when due any installment of Rent due hereunder and such failure shall continue for three (3) Business Days after Extreme is notified in writing thereof.

(b) Extreme shall fail to cause any representation or warranty of Extreme contained herein or in the Closing Certificate that was false or misleading in any material respect when made to be made true and not misleading (other than as described in the other clauses of this Paragraph 14), or Extreme shall fail to comply with any term, provision or covenant of this Land Lease or the Closing Certificate (other than as described in the other clauses of this Paragraph 14), and in either case shall not cure such failure prior to the earlier of (A) thirty days

[Land]

after written notice thereof is sent to Extreme or (B) the date any writ or order is issued for the levy or sale of any property owned by BNPLC (including the Property) or any criminal prosecution is instituted or overtly threatened against BNPLC or any of its directors, officers or employees because of such failure; provided, however, that so long as no such writ or order is issued and no such criminal prosecution is instituted or overtly threatened, the period within which such failure may be cured by Extreme shall be extended for a further period (not to exceed an additional sixty days) as shall be necessary for the curing thereof with diligence, if (but only if) (x) such failure is susceptible of cure but cannot with reasonable diligence be cured within such

thirty day period, (y) Extreme shall promptly have commenced to cure such failure and shall thereafter continuously prosecute the curing thereof with reasonable diligence and (z) the extension of the period for cure will not, in any event, cause the period for cure to extend beyond five days prior to the expiration of this Land Lease.

(c) Extreme shall abandon the Property.

(d) Extreme or any Subsidiary shall fail to make any payment or payments of principal, premium or interest, of Debt of Extreme described in the next sentence when due (taking into consideration the time Extreme may have to cure such failure, if any, under the documents governing such Debt). As used in this clause 14(a)(v), "Debt" shall include only Debt (as defined in the Common Definitions and Provisions Agreement (Land)) of Extreme or any of its Subsidiaries now existing or arising in the future (1) payable to any Interested Party, or (2) payable to any other Person and with respect to which \$5,000,000 or more is actually due and payable because of acceleration or otherwise.

(e) Extreme: (a) shall generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; or (b) shall make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (c) shall file any petition or application to commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (d) shall have had any such petition or application filed against it; or (e) by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any substantial part of its property; or (f) shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of sixty days or more.

(f) One or more final judgments, decrees or orders for the payment of money in excess of \$5,000,000 in the aggregate shall be rendered against Extreme and such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty consecutive days without Extreme's having obtained an agreement (or after the expiration or termination of an agreement) of the Persons entitled to enforce such judgment, decrees or orders not to enforce the same pending negotiations with Extreme concerning the satisfaction or other discharge of the same. (For purposes of this provision, no judgment, decree or order will be considered "final" until Extreme's right to appeal, if any, shall have expired or been exhausted.)

(g) Extreme shall breach the requirements of Paragraph 10, which by reference to Schedule 1 establishes certain financial covenants and other requirements.

(h) as of the effective date of this Land Lease, any of the representations or warranties of Extreme contained in subparagraphs 2(A) - (K) of the Closing Certificate shall be false or misleading in any material respect.

(i) Extreme shall fail to pay the full amount of any Supplemental Payment required by the Purchase

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Agreement on the Designated Sale Date.

(j) Extreme shall fail to comply with any term, provision or condition of the Pledge Agreement after the expiration of any applicable notice and cure period set forth in the Pledge Agreement.

15. Remedies.

(a) Basic Remedies. At any time after an Event of Default and after

BNPLC has given any notice required by subparagraph 15.(b), BNPLC shall be entitled at BNPLC's option (and without limiting BNPLC in the exercise of any other right or remedy BNPLC may have, and without any further demand or notice except as expressly described in this subparagraph 15.(a)), to exercise any one or more of the following remedies:

(i) By notice to Extreme, BNPLC may terminate Extreme's right to possession of the Property. A notice given in connection with unlawful detainer proceedings specifying a time within which to cure a default shall terminate Extreme's right to possession if Extreme fails to cure the default within the time specified in the notice.

(ii) Upon termination of Extreme's right to possession and without further demand or notice, BNPLC may re-enter the Property in any manner not prohibited by Applicable Law and take possession of all improvements, additions, alterations, equipment and fixtures thereon and remove any persons in possession thereof. Any property on the Land may be removed and stored in a warehouse or elsewhere at the expense and risk of and for the account of Extreme.

(iii) Upon termination of Extreme's right to possession, this Land Lease shall terminate and BNPLC may recover from Extreme:

a) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;

b) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Extreme proves could have been reasonably avoided;

c) The worth at the time of award of the amount by which the unpaid Rent for the balance of the scheduled Term after the time of award exceeds the amount of such rental loss that Extreme proves could be reasonably avoided; and

d) Any other amount necessary to compensate BNPLC for all the detriment proximately caused by Extreme's failure to perform Extreme's obligations under this Land Lease or which in the ordinary course of things would be likely to result therefrom, including the costs and expenses (including Attorneys' Fees, advertising costs and brokers' commissions) of recovering possession of the Property, removing persons or property therefrom, placing the Property in good order, condition, and repair, preparing and altering the Property for reletting, all other costs and expenses of reletting, and any loss incurred by BNPLC as a result of Extreme's failure to perform Extreme's obligations under the other Operative Documents.

The "worth at the time of award" of the amounts referred to in subparagraph 15.(a)(iii)a) and subparagraph 15.(a)(iii)b) shall be computed by allowing interest at the Default Rate. The "worth

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at the time of award" of the amount referred to in subparagraph 15.(a)(iii)c) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

e) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

(iv) BNPLC shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in force even after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations). Accordingly, even if Extreme has breached this Land Lease and abandoned the Property, this Land Lease shall continue in effect for so long as BNPLC does not terminate Extreme's right to possession, and BNPLC may enforce all of BNPLC's rights and remedies under this Land Lease, including the right to recover the Rent as it becomes due under this Land Lease. Extreme's right to possession shall not be deemed to have been terminated by BNPLC except pursuant to subparagraph 15.(a)(i) hereof. The following shall not constitute a termination of Extreme's right to possession:

a) Acts of maintenance or preservation or efforts to relet

the Property;

b) The appointment of a receiver upon the initiative of BNPLC to protect BNPLC's interest under this Land Lease; or

c) Reasonable withholding of consent to an assignment or subletting, or terminating a subletting or assignment by Extreme.

(b) Notice Required So Long As the Purchase Option and Extreme's

Initial Remarketing Rights and Obligations Continue Under the Purchase

Agreement. So long as Extreme remains in possession of the Property and there

has been no termination of the Purchase Option and Extreme's Initial Remarketing Rights and Obligations as provided Paragraph 4 of the Purchase Agreement,

BNPLC's right to exercise remedies provided in subparagraph 15.(a) will be subject to the condition precedent that BNPLC shall have notified Extreme, at a time when an Event of Default shall have occurred and be continuing, of BNPLC's intent to exercise remedies provided in subparagraph 15.(a) at least sixty days prior to exercising the remedies. The condition precedent is intended to provide Extreme with an opportunity to exercise the Purchase Option or Extreme's Initial Remarketing Rights and Obligations before losing possession of the Property pursuant to subparagraph 15.(a). The condition precedent is not, however, intended to extend any period for curing an Event of Default. Accordingly, if an Event of Default has occurred, and regardless of whether any Event of Default is then continuing, BNPLC may proceed immediately to exercise remedies provided in subparagraph 15.(a) at any time after the earlier of (i) sixty days after BNPLC has given such a notice to Extreme, (ii) any date upon which Extreme relinquishes possession of the Property, or (iii) any termination of the Purchase Option and Extreme's Initial Remarketing Rights and Obligations.

(c) Enforceability. This Paragraph 15 shall be enforceable to the

maximum extent not prohibited by Applicable Law, and the unenforceability of any provision in this Paragraph shall not render any other provision unenforceable.

(d) Remedies Cumulative. No right or remedy herein conferred upon or

reserved to BNPLC is intended to be exclusive of any other right or remedy, and each and every such right and remedy shall be cumulative and in addition to any other right or remedy given to BNPLC hereunder or now or hereafter existing in favor of BNPLC under Applicable Law or in equity. In addition to other remedies provided in this Land Lease,

[Land]

BNPLC shall be entitled, to the extent permitted by Applicable Law or in equity, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the covenants, agreements, conditions or provisions of this Land Lease, or to a decree compelling performance of any of the other covenants, agreements, conditions or provisions of this Land Lease to be performed by Extreme, or to any other remedy allowed to BNPLC at law or in equity. Nothing contained in this Land Lease shall limit or prejudice the right of BNPLC to prove for and obtain in proceedings for bankruptcy or insolvency of Extreme by reason of the termination of this Land Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above. Without limiting the generality of the foregoing, nothing contained herein shall modify, limit or impair any of the rights and remedies of BNPLC under the Purchase Documents, and BNPLC shall not be required to give the sixty day notice described in subparagraph 15.(b) as a condition precedent to any acceleration of the Designated Sale Date or to taking any action to enforce the Purchase Documents.

16. Default by BNPLC. If BNPLC should default in the performance of any of its obligations under this Land Lease, BNPLC shall have the time reasonably required, but in no event less than thirty days, to cure such default after receipt of notice from Extreme specifying such default and specifying what action Extreme believes is necessary to cure the default. If Extreme prevails in

any litigation brought against BNPLC because of BNPLC's failure to cure a default within the time required by the preceding sentence, then Extreme shall be entitled to an award against BNPLC for the monetary damages proximately caused to Extreme by such default.

Notwithstanding the foregoing, BNPLC's right to cure as provided in this Paragraph 16 will not in any event extend the time within which BNPLC must remove Liens Removable by BNPLC as required by Paragraph 17 beyond the Designated Sale Date.

17. Quiet Enjoyment. Provided Extreme pays the Base Rent and all Additional Rent payable hereunder as and when due and payable and keeps and fulfills all of the terms, covenants, agreements and conditions to be performed by Extreme hereunder, BNPLC shall not during the Term disturb Extreme's peaceable and quiet enjoyment of the Property; however, such enjoyment shall be subject to the terms, provisions, covenants, agreements and conditions of this Land Lease, to Permitted Encumbrances, to Development Documents and to any other claims not constituting Liens Removable by BNPLC. If any Lien Removable by BNPLC is claimed against the Property, BNPLC will remove the Lien Removable by BNPLC promptly. Any breach by BNPLC of this Paragraph shall render BNPLC liable to Extreme for any monetary damages proximately caused thereby, but as more specifically provided in subparagraph 4.(b) above, no such breach shall entitle Extreme to terminate this Land Lease or excuse Extreme from its obligation to pay Rent.

18. Surrender Upon Termination. Unless Extreme or an Applicable Purchaser purchases or has purchased BNPLC's entire interest in the Property pursuant to the terms of the Purchase Agreement and BNPLC's entire interest in the Improvements and other "Property" under (and as defined in) the Other Purchase Agreement, Extreme shall, upon the termination of Extreme's right to occupancy, surrender to BNPLC the Property, including Improvements constructed by Extreme and fixtures and furnishings included in the Property, free of all Hazardous Substances (including Permitted Hazardous Substances) and tenancies and with all Improvements in substantially the same condition as of the date the same were initially completed, excepting only (i) ordinary wear and tear that occurs between the maintenance, repairs and replacements required by other provisions of this Land Lease or the Other Lease Agreement, and (ii) demolition, alterations and additions which are expressly permitted by the terms of this Land Lease or the Other Lease Agreement and which have been completed by Extreme in a good and workmanlike manner in accordance with all Applicable Laws. Any movable furniture or movable personal property belonging to Extreme or any party claiming under Extreme, if not removed at the time of such termination and if

[Land]

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BNPLC shall so elect, shall be deemed abandoned and become the property of BNPLC without any payment or offset therefor. If BNPLC shall not so elect, BNPLC may remove such property from the Property and store it at Extreme's risk and expense.

Nothing in this Paragraph 18 will be construed to require Extreme to surrender the Property to BNPLC during the continuation of any breach by BNPLC of any obligation it has under the Purchase Agreement to convey the Property to Extreme or an Applicable Purchaser.

19. Holding Over by Extreme. Should Extreme not purchase BNPLC's right, title and interest in the Property as provided in the Purchase Agreement, but nonetheless continue to hold the Property after the termination of this Land Lease without BNPLC's consent, whether such termination occurs by lapse of time or otherwise, such holding over shall constitute and be construed as a tenancy from day to day only, at a daily Base Rent equal to: (i) Stipulated Loss Value on the day in question, times (ii) the Default Rate for such day; divided by (iii) three hundred and sixty; subject, however, to all of the terms, provisions, covenants and agreements on the part of Extreme hereunder. No payments of money by Extreme to BNPLC after the termination of this Land Lease shall reinstate, continue or extend the Term of this Land Lease and no extension of this Land Lease after the termination thereof shall be valid unless and until the same shall be reduced to writing and signed by both BNPLC and Extreme.

20. Independent Obligations Evidenced by the Other Operative Documents. Extreme acknowledges and agrees that nothing contained in this Land Lease shall limit, modify or otherwise affect any of Extreme's obligations under the other

Operative Documents, which obligations are intended to be separate, independent and in addition to, and not in lieu of, the obligations set forth herein. In the event of any inconsistency between the express terms and provisions of the Purchase Documents and the express terms and provisions of this Land Lease, the express terms and provisions of the Purchase Documents shall control. In the event of any inconsistency between the express terms and provisions of the Closing Certificate and the express terms and provisions of this Land Lease, the express terms and provisions of this Land Lease shall control; provided, nothing herein will limit or impair Extreme's obligations under the Closing Certificate following any expiration of termination of this Land Lease.

[The signature pages follow.]

[Land]

IN WITNESS WHEREOF, Extreme and BNPLC have caused this Lease Agreement (Land) to be executed as of June 1, 2000.

"Extreme"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[Continuation of signature pages to Lease Agreement (Land) dated to be effective June 1, 2000]

"BNPLC"

BNP LEASING CORPORATION

By: _____
Lloyd G. Cox, Vice President

Exhibit A

Legal Description

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

[Land]

Exhibit B

Insurance Requirements

I. LIABILITY INSURANCE:

A. Extreme must maintain commercial general liability ("CGL") insurance on an occurrence basis, affording immediate protection to the limit of not less than \$20,000,000 combined single limit for bodily and personal injury, death and property damage in respect of any one occurrence. The CGL insurance must be primary to, and shall receive no contribution from, any insurance policies or self-insurance programs otherwise afforded to or available to the Interested Parties, collectively or individually. Further, the CGL insurance must include blanket contractual liability coverage which insures contractual liability under the indemnifications set forth in this Land Lease (though such coverage or the amount thereof shall in no way limit such indemnifications).

B. Any deductible or self-insured retention applicable to the CGL insurance shall not exceed \$500,000.

C. The forms of insurance policies (including endorsements) used to provide the CGL insurance required by this Land Lease, and the insurance company or companies providing the CGL insurance, must be acceptable to BNPLC. BNPLC shall have the right from time to time and at any time to review and approve such policy forms (including endorsements) and the insurance company or companies providing the insurance. Without limiting the generality of the foregoing, BNPLC may reasonably require (and unless and until Extreme is otherwise notified by BNPLC, BNPLC does require) that such insurance be provided under forms and by companies consistent with the following:

- (1) Forms: CGL Insurance must be provided on Insurance Services

Office ("ISO") forms CG 0001 1093 or CG 0001 0196 or equivalent substitute forms providing the same or greater coverage.
- (2) Rating Requirements: Insurance must be provided through insurance

or reinsurance companies rated by the A.M. Best Company of Oldwick, New Jersey as having a policyholder's rating of A or better and a reported financial information rating of X or better.
- (3) Required Endorsements: CGL Insurance must be endorsed to provide

or include:
 - (a) ISO additional insured form CG 2026 1185 or equivalent substitute form, without modification (and under the commercial umbrella, if any), designating as additional insureds "BNPLC and other Interested Parties, as defined in the Common Definitions and Provisions Agreement (Land) between Extreme Networks, Inc. and BNP Leasing Corporation dated June 1, 2000"; and
 - (b) provisions entitling BNPLC to 30 days' notice from the insurer prior to any cancellation of the CGL coverage.
- (4) Other Insurance: Each policy to contain standard CGL "other

insurance" wording, unmodified in any way that would make it excess over or contributory with the additional insured's own commercial general liability coverage.

[Land]

III. OTHER INSURANCE RELATED REQUIREMENTS:

A. BNPLC must be notified in writing immediately by Extreme of claims against Extreme that might cause a reduction below seventy-five percent (75%) of any aggregate limit of any policy.

B. Extreme's CGL insurance must be evidenced by ACORD form 25 "Certificate of Insurance" completed and interlineated in a manner satisfactory to BNPLC to show compliance with the requirements of this Exhibit. Copies of endorsements to the CGL insurance must be attached to such form.

C. Such evidence of required insurance must be delivered upon execution of this Land Lease and new certificate or evidence of insurance must be

delivered no later than 10 days prior to expiration of existing policy.

D. Extreme shall not cancel, fail to renew, or make or permit any material reduction in any of the policies or certificates described in this Exhibit without the prior written consent of BNPLC. The certificates (ACORD forms 25) described in this Exhibit must contain the following express provision:

"This is to certify that the policies of insurance described herein have been issued to the insured Extreme Networks, Inc. for whom this certificate is executed and are in force at this time. In the event of cancellation of coverage affecting the certificate holder, at least thirty days prior notice shall be given to the certificate holder."

E. The limits of liability under the liability insurance required by this Land Lease may be provided by a single policy of insurance or by a combination of primary and umbrella policies, but in no event shall the total limits of liability available for any one occurrence or accident be less than those required by this Exhibit.

F. Extreme shall provide copies, certified as complete and correct by an authorized agent of the applicable insurer, of all insurance policies required by this Exhibit within ten days after receipt of a request for such copies from BNPLC.

Exhibit B - Page 2

[Land]

Exhibit C

Notice of LIBOR Period Election

BNP Leasing Corporation
12201 Merit Drive
Suite 860
Dallas, Texas 75251
Attention: Lloyd G. Cox

Re: Lease Agreement (Improvements) and Lease Agreement (Land), both dated as of June 1, 2000, and both between Extreme Networks, Inc., as tenant, and BNP Leasing Corporation, as landlord

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the two Lease Agreements referenced above. This letter constitutes notice to you that the LIBOR Period Election under both of the Lease Agreements shall be:

_____ month(s),

beginning with the first Base Rent Period that commences on or after:

_____, ____.

NOTE: YOU SHALL BE ENTITLED TO DISREGARD THIS NOTICE IF THE NUMBER OF MONTHS

SPECIFIED ABOVE IS NOT A PERMITTED NUMBER UNDER THE DEFINITION OF "LIBOR PERIOD ELECTION" IN THE COMMON DEFINITIONS AND PROVISIONS AGREEMENTS REFERENCED IN THE LEASE AGREEMENTS, OR IF THE DATE SPECIFIED ABOVE CONCERNING THE COMMENCEMENT OF THE LIBOR PERIOD ELECTION IS LESS THAN TEN BUSINESS DAYS AFTER YOUR RECEIPT OF THIS NOTICE. HOWEVER, WE ASK THAT YOU NOTIFY US IMMEDIATELY IF FOR ANY REASON YOU BELIEVE THIS NOTICE IS DEFECTIVE.

Executed this ____ day of _____, 20__.

Extreme Networks, Inc.

Name: _____
Title: _____

[cc all Participants]

[Land]

Schedule 1

FINANCIAL COVENANTS

[DRAFTING NOTE: TK WILL MANUALLY SUBSTITUTE THE FINAL SCHEDULE 1 (A SEPARATE

WORD PROCESSING FILE) FOR THIS PAGE IN THE EXECUTION COPIES OF THIS DOCUMENT.]

[Land]

\$48,000,000

LEASE AGREEMENT
(Improvements)

BETWEEN

BNP LEASING CORPORATION
("BNPLC")

AND

EXTREME NETWORKS, INC.
("Extreme")

June 1, 2000
(Santa Clara, California)

[Improvements]

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LEASE AGREEMENT

(IMPROVEMENTS)

This LEASE AGREEMENT (IMPROVEMENTS) (this "Improvements Lease") is made and dated as of June 1, 2000 (the "Effective Date") by and between BNP LEASING CORPORATION, a Delaware corporation ("BNPLC"), and EXTREME NETWORKS, INC., a Delaware corporation ("Extreme").

RECITALS

Contemporaneously with the execution of this Improvements Lease, BNPLC and Extreme are executing a Common Definitions and Provisions Agreement (Improvements) dated as of the Effective Date (the "Common Definitions and Provisions Agreement (Improvements)"), which by this reference is incorporated into and made a part of this Improvements Lease for all purposes. As used in this Improvements Lease, capitalized terms defined in the Common Definitions and Provisions Agreement (Improvements) and not otherwise defined in this Improvements Lease are intended to have the respective meanings assigned to them in the Common Definitions and Provisions Agreement (Improvements).

Pursuant to the Acquisition Contract, which covers the Land described in Exhibit A, BNPLC is acquiring the Land and any appurtenances thereto and all existing Improvements thereon from Seller contemporaneously with the execution of this Improvements Lease.

In anticipation of BNPLC's acquisition of the Land and the existing Improvements thereon under the Acquisition Contract, BNPLC and Extreme have reached agreement as to the terms and conditions upon which BNPLC is willing to lease the existing Improvements and the Improvements to be constructed on the Land as hereinafter provided, and by this Improvements Lease BNPLC and Extreme desire to evidence such agreement.

GRANTING CLAUSES

BNPLC does hereby LEASE, DEMISE and LET unto Extreme for the term hereinafter set forth all right, title and interest of BNPLC, now owned or hereafter acquired, in and to:

(1) any and all Improvements; and

(2) all easements and other rights appurtenant to the Improvements, whether now owned or hereafter acquired by BNPLC.

BNPLC's interest in all property described in clauses (1) and (2) above are hereinafter referred to collectively as the "Real Property". The Real Property does not include the Land itself, it being understood that the Other Lease Agreement constitutes a separate lease of the Land and the appurtenances thereto, and only the Land and the appurtenances thereto, from BNPLC to Extreme.

To the extent, but only to the extent, that assignable rights or interests in, to or under the following have been or will be acquired by BNPLC under the Acquisition Contract or acquired by BNPLC pursuant to Paragraph 7 below, BNPLC also hereby grants and assigns to Extreme for the term of this Improvements Lease the right to use and enjoy (and, in the case of contract rights, to enforce) such rights or interests of BNPLC:

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(a) any goods, equipment, furnishings, furniture and other tangible personal property of whatever nature that are located on the Land and all renewals or replacements of or substitutions for any of the foregoing;

(b) the benefits, if any, conferred upon the owner of the Real Property by the Permitted Encumbrances (including the right to receive rents under and to otherwise enforce the Premises Leases) and Development Documents; and

(c) any permits, licenses, franchises, certificates, and other rights and privileges against third parties related to the Real Property.

Such rights and interests of BNPLC, whether now existing or hereafter arising, are hereinafter collectively called the "Personal Property". The Real Property and the Personal Property are hereinafter sometimes collectively called the "Property."

However, the leasehold estate conveyed hereby and Extreme's rights hereunder are expressly made subject and subordinate to the terms and conditions of this Improvements Lease, the Premises Leases and all other Permitted Encumbrances, and to any other claims or encumbrances not constituting Liens Removable by BNPLC.

GENERAL TERMS AND CONDITIONS

The Property is leased by BNPLC to Extreme and is accepted and is to be used and possessed by Extreme upon and subject to the following terms and conditions:

1 TERM.

(a) Scheduled Term. The term of this Improvements Lease (the

"Term") shall commence on and include the Effective Date, and end on the first Business Day of July, 2005, unless sooner terminated as expressly herein provided.

(b) Election by Extreme to Terminate After Accelerating the

Designated Sale Date. Extreme shall be entitled to accelerate the Designated

Sale Date (and thus accelerate the purchase of BNPLC's interest in the Property by Extreme or by an Applicable Purchaser pursuant to the Purchase Agreement) by sending a notice to BNPLC as provided in clause (2) of the definition of "Designated Sale Date" in the Common Definitions and Provisions Agreement (Improvements). In the event, because of Extreme's election to so accelerate the Designated Sale Date or for any other reason, the Designated Sale Date occurs before the end of the scheduled Term, Extreme may terminate this Improvements Lease on or after the Designated Sale Date; provided, however, as a condition to any such termination by Extreme, Extreme must have done the following prior to the termination:

(i) purchased or caused an Applicable Purchaser to purchase the Property pursuant to the Purchase Agreement and satisfied all of Extreme's other obligations under the Purchase Agreement;

(ii) paid to BNPLC all Base Rent and all other Rent due on or before or accrued through the Designated Sale Date; and

(iii) paid any Breakage Costs caused by BNPLC's sale of the Property pursuant to the Purchase Agreement.

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(c) Extension of the Term. The Term may be extended at the option of

Extreme for two successive periods of five years each; provided, however, that prior to any such extension the following conditions must have been satisfied: (A) at least one hundred eighty days prior to the commencement of any such extension, BNPLC and Extreme must have agreed in writing upon, and received the consent and approval of BNPLC's Parent and all other Participants to (1) a corresponding extension not only to the date for the expiration of the Term specified above in this Section, but also to the date specified in clause (1) of the definition of Designated Sale Date in the Common Definitions and Provisions Agreement (Improvements), and (2) an adjustment to the Rent that Extreme will be required to pay for the extension, it being expected that the Rent for the extension may be different than the Rent required for the original Term, and it being understood that the Rent for any extension must in all events be satisfactory to both BNPLC and Extreme, each in its sole and absolute discretion; (B) no Event of Default shall have occurred and be continuing at the time of Extreme's exercise of its option to extend; (C) prior to any such extension, Extreme must have completed any Initial Renovations which it has elected to undertake as described in Paragraph 6; and (D) immediately prior to any such extension, this Improvements Lease must remain in effect. With respect

to the condition that BNPLC and Extreme must have agreed upon the Rent required for any extension of the Term, neither Extreme nor BNPLC is willing to submit itself to a risk of liability or loss of rights hereunder for being judged unreasonable. Accordingly, both Extreme and BNPLC hereby disclaim any obligation express or implied to be reasonable in negotiating the Rent for any such extension. Subject to the changes to the Rent payable during any extension of the Term as provided in this Paragraph, if Extreme exercises its option to extend the Term as provided in this Paragraph, this Improvements Lease shall continue in full force and effect, and the leasehold estate hereby granted to Extreme shall continue without interruption and without any loss of priority over other interests in or claims against the Property that may be created or arise after the date hereof and before the extension.

2 USE AND CONDITION OF THE PROPERTY.

(a) Use. Subject to the Permitted Encumbrances, the Development

Documents and the terms hereof, Extreme may use and occupy the Property during the Term, but only for the following purposes and other lawful purposes incidental thereto:

(i) the making of Initial Renovations as described in Paragraph 6;

(ii) administrative and office space;

(iii) research and development, production, assembly, distribution and warehousing, in each case of products that are of substantially the same type and character as those regularly sold by Extreme in the ordinary course of its business as of the Effective Date;

(iv) cafeteria, library and other support facilities that Extreme may provide to its employees; and

(vi) other lawful purposes (including research and development or production of products that are not of substantially the same type and character as those regularly sold by Extreme in the ordinary course of its business as of the Effective Date) approved in advance and in writing by BNPLC, which approval will not be unreasonably withheld (but Extreme acknowledges that BNPLC's withholding of such approval shall be reasonable if BNPLC determines in good faith that (1) giving the approval may materially increase BNPLC's risk of liability for any existing or future environmental problem, or (2) giving the approval is likely to substantially increase BNPLC's administrative burden of complying with or monitoring Extreme's compliance with the requirements of this Improvements Lease or other Operative Documents).

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Nothing in this subparagraph will prevent a tenant under a Premises Lease, executed prior to the Effective Date, from using the space covered thereby for purposes expressly authorized by the terms and conditions of such Premises Lease.

(b) Condition of the Property. Extreme acknowledges that it has

carefully and fully inspected the Property and accepts the Property in its present state, AS IS, and without any representation or warranty, express or implied, as to the condition of such property or as to the use which may be made thereof. Extreme also accepts the Property without any covenant, representation or warranty, express or implied, by BNPLC or its Affiliates regarding the title thereto or the rights of any parties in possession of any part thereof, except as expressly set forth in Paragraph 19. BNPLC shall not be responsible for any latent or other defect or change of condition in the Land or in Improvements, fixtures and personal property forming a part of the Property or for any violations with respect thereto of Applicable Laws. Further, BNPLC shall not be required to furnish to Extreme any facilities or services of any kind, including water, steam, heat, gas, air conditioning, electricity, light or power.

(c) Consideration for and Scope of Waiver. The provisions of

subparagraph 2. (b) above have been negotiated by BNPLC and Extreme after due consideration for the Rent payable hereunder and are intended to be a complete

exclusion and negation of any representations or warranties of BNPLC or its Affiliates, express or implied, with respect to the Property that may arise pursuant to any law now or hereafter in effect or otherwise, except as expressly set forth herein.

However, such exclusion of representations and warranties by BNPLC is not intended to impair any representations or warranties made by other parties, the benefit of which may pass to Extreme during the Term because of the definition of Personal Property and Property above.

3 RENT.

(a) Base Rent Generally. On each Base Rent Date through the end of

the Term, Extreme shall pay BNPLC rent ("Base Rent"), calculated as provided below. Each payment of Base Rent must be received by BNPLC no later than 10:00 a.m. (Pacific time) on the date it becomes due; if received after 10:00 a.m. (Pacific time) it will be considered for purposes of this Improvements Lease as received on the next following Business Day. At least five days prior to each Base Rent Date, BNPLC shall notify Extreme in writing of the amount of each installment of Base Rent that will be required on that date, calculated as provided below. Any failure by BNPLC to so notify Extreme, however, shall not constitute a waiver of BNPLC's right to payment, but absent such notice Extreme shall not be in default hereunder for any underpayment resulting therefrom if Extreme, in good faith, reasonably estimates the payment required, makes a timely payment of the amount so estimated and corrects any underpayment within three Business Days after being notified by BNPLC of the underpayment.

(b) Impact of Collateral Upon Formulas. To ease the administrative

burden of this Improvements Lease and the Pledge Agreement, the formulas for calculating Base Rent set out below in subparagraph 3.(c) reflect a reduction in the Base Rent equal to the interest that would accrue on any Collateral provided in accordance with the requirements of the Pledge Agreement from time to time if the Accounts (as defined in the Pledge Agreement) bore interest at the Deposit Rate. BNPLC has agreed to such reduction to provide Extreme with the economic equivalent of interest on such Collateral, and in return Extreme has agreed to the provisions of the Pledge Agreement that excuse the actual payment of interest on the Accounts. By incorporating such reduction of Base Rent into the formulas below, and by providing for noninterest bearing Accounts in the Pledge Agreement, an unnecessary and cumbersome periodic exchange of equal payments will be avoided. It is not, however, the intent of BNPLC or Extreme to understate Base Rent or interest for financial reporting purposes. Accordingly, for purposes of any financial reports that this Improvements Lease requires of

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Extreme from time to time, Extreme may report Base Rent as if there had been no such reduction and as if the Collateral from time to time provided in accordance with the requirements of the Pledge Agreement had been maintained in Accounts bearing interest at the Deposit Rate.

(c) Calculation of and Due Dates for Base Rent. Payments of Base

Rent shall be calculated and become due as follows:

(i) Determination of Payment Due Dates, Generally.

a0 For all Base Rent Periods subject to a LIBOR Period Election of one month or three months, Base Rent shall be due in one installment on the Base Rent Date upon which the Base Rent Period ends.

b0 For Base Rent Periods subject to a LIBOR Period Election of six months, Base Rent shall be payable in two installments, with the first installment becoming due on the Base Rent Date that occurs on the first Business Day of the third calendar month following the commencement of such Base Rent Period, and with the second installment becoming due on the Base Rent Date upon which the Base Rent Period ends.

c0 For Base Rent Periods subject to a LIBOR Period Election of nine months, Base Rent shall be payable in three installments, with the first installment becoming due on the Base Rent Date that occurs on the first Business Day of the third calendar month following the commencement of such Base Rent Period, with the second installment becoming due on the first Business Day of the sixth calendar month following the commencement of such Base Rent Period, and with the third installment becoming due on the Base Rent Date upon which the Base Rent Period ends.

d0 For Base Rent Periods subject to a LIBOR Period Election of twelve months, Base Rent shall be payable in four installments, with the first installment becoming due on the Base Rent Date that occurs on the first Business Day of the third calendar month following the commencement of such Base Rent Period, with the second installment becoming due on the first Business Day of the sixth calendar month following the commencement of such Base Rent Period, with the third installment becoming due on the first Business Day of the ninth calendar month following the commencement of such Base Rent Period, and with the fourth installment becoming due on the Base Rent Date upon which the Base Rent Period ends.

(ii) Special Adjustments to Base Rent Payment Dates and Periods.

Notwithstanding the foregoing:

a0 Any Base Rent Period that begins before, and does not otherwise end before, the first Business Day of the first calendar month following a Failed Collateral Test Date shall end upon but not include such first Business Day, and such first Business Day shall constitute a Base Rent Date, upon which Extreme must pay all accrued, unpaid Base Rent for the Base Rent Period just ended.

b0 In addition to Base Rent due on a the first Business Day of the first calendar month following a Failed Collateral Test Date, Extreme must pay the Breakage Costs, if any, resulting from any early ending of a Base Rent Period pursuant to the preceding clause 3. (c) (ii) a).

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c0 If Extreme or any Applicable Purchaser purchases BNPLC's interest in the Property pursuant to the Purchase Agreement, any accrued unpaid Base Rent and all outstanding Additional Rent shall be due on the date of purchase in addition to the purchase price and other sums due BNPLC under the Purchase Agreement.

(iii) Base Rent Formula for Periods During Which The Collateral

Percentage is 100%. Each installment of Base Rent payable for any Base Rent

Period during which the Collateral Percentage is one hundred percent (100%) shall equal:

- . Stipulated Loss Value on the first day of such Base Rent Period, times
- . the sum of (a) the Secured Spread and (b) the Effective Rate/Deposit Rate Difference for the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, times
- . the number of days in the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, divided by
- . three hundred sixty.

Assume, only for the purpose of illustration: that the Collateral Percentage for a hypothetical Base Rent Period is one hundred percent (100%); that prior to the first day of such Base Rent Period Qualified Prepayments have been received by BNPLC, leaving a Stipulated Loss Value of \$15,000,000; that the

sum of the Secured Spread and the Effective Rate/Deposit Rate Difference is forty-two and one-half basis points (42.5/100 of 1%); and that such Base Rent Period contains exactly thirty days. Under such assumptions, the Base Rent for the hypothetical Base Rent Period will equal:

$$\$15,000,000 \times .425\% \times 30/360 = \$5312.50$$

(iv) Base Rent Formula for Periods During Which The Collateral Percentage is Less Than 100%. Each installment of Base Rent payable for any Base Rent Period during which the Collateral Percentage is less than one hundred percent (100%) shall equal:

- . Stipulated Loss Value on the first day of such Base Rent Period, times
- . the sum of:

(A) the product of:

- (1) the Collateral Percentage for such Base Rent Period, times
- (2) the sum of (a) the Secured Spread and (b) the Effective Rate/Deposit Rate Difference for the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, plus

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(B) the product of:

- (1) one minus the Collateral Percentage for such Base Rent Period, times
 - (2) the sum of (a) the Effective Rate with respect to such Base Rent Period, plus (b) the Unsecured Spread for the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, times
- . the number of days in the period from and including the preceding Base Rent Date to but not including the Base Rent Date upon which the installment is due, divided by
 - . three hundred sixty.

Assume, only for the purpose of illustration: that the Collateral Percentage for a hypothetical Base Rent Period is fifty-five percent (55%); that prior to the first day of such Base Rent Period Qualified Prepayments have been received by BNPLC, leaving a Stipulated Loss Value of \$15,000,000; that the Effective Rate for the Base Rent Period is 6%; that the sum of the Secured Spread and the Effective Rate/Deposit Rate Difference is forty-two and one-half basis points (42.5/100 of 1%); that upon the commencement of such Base Rent Period the Unsecured Spread is two hundred twenty-five basis points (225/100 of 1%); and that such Base Rent Period contains exactly thirty days. Under such assumptions, the Base Rent for the hypothetical Base Rent Period will equal:

$$\$15,000,000 \times \{ (55\% \times .425\%) + ([1 - 55\%] \times [6\% + 2.25\%]) \} \times 30/360 = \$49,328.12$$

(d) Additional Rent. All amounts which Extreme is required to pay to

or on behalf of BNPLC pursuant to this Improvements Lease, together with every charge, premium, interest and cost set forth herein which may be added for nonpayment or late payment thereof, shall constitute rent (all such amounts,

other than Base Rent, are herein called "Additional Rent", and together Base Rent and Additional Rent are herein sometimes called "Rent").

(e) Arrangement Fee. Upon execution and delivery of this Improvements

Lease by BNPLC, an Arrangement Fee (the "Arrangement Fee") will be paid to BNPLC from the Initial Funding Advance (and thus be included in Stipulated Loss Value) in the amount provided in the letter dated as of April 20, 2000 from BNPLC to Extreme.

(f) Administrative Agency Fees. Upon execution and delivery of this

Improvements Lease by BNPLC, an administrative agency fee (an "Administrative Agency Fee") will be paid to BNPLC from the Initial Funding Advance (and thus be included in Stipulated Loss Value) in the amount provided in the letter dated as of April 20, 2000 from BNPLC to Extreme. Also, on each anniversary of the date hereof, Extreme shall pay to BNPLC an administrative agency fee (also, an "Administrative Agency Fee") in the amount set forth in the letter agreement dated as of April 20, 2000 from BNPLC to Extreme.

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(g) No Demand or Setoff. Except as expressly provided herein,

Extreme shall pay all Rent without notice or demand and without counterclaim, deduction, setoff or defense.

(h) Default Interest and Order of Application. All Rent shall bear

interest, if not paid when first due, at the Default Rate in effect from time to time from the date due until paid; provided, that nothing herein contained will be construed as permitting the charging or collection of interest at a rate exceeding the maximum rate permitted under Applicable Laws. BNPLC shall be entitled to apply any amounts paid by or on behalf of Extreme against any Rent then past due in the order the same became due or in such other order as BNPLC may elect.

4 Nature of this Agreement.

(a) "Net" Lease Generally. Subject only to the exceptions listed in

subparagraph 5.(d) below, it is the intention of BNPLC and Extreme that Base Rent, the Arrangement Fees, Administrative Agency Fees, Upfront Syndication Fees and other payments herein specified shall be absolutely net to BNPLC and that Extreme shall pay all costs, expenses and obligations of every kind relating to the Property or this Improvements Lease which may arise or become due, including: (i) any taxes payable by virtue of BNPLC's receipt of amounts paid to or on behalf of BNPLC in accordance with Paragraph 5; (ii) any amount for which BNPLC is or becomes liable with respect to the Permitted Encumbrances or the Development Documents; and (iii) any costs incurred by BNPLC (including Attorneys' Fees) because of BNPLC's acquisition or ownership of any interest in the Property or because of this Improvements Lease or the transactions contemplated herein.

(b) No Termination. Except as expressly provided in this Improvements

Lease itself, this Improvements Lease shall not terminate, nor shall Extreme have any right to terminate this Improvements Lease, nor shall Extreme be entitled to any abatement of the Rent, nor shall the obligations of Extreme under this Improvements Lease be excused, for any reason whatsoever, including any of the following: (i) any damage to or the destruction of all or any part of the Property from whatever cause, (ii) the taking of the Property or any portion thereof by eminent domain or otherwise for any reason, (iii) the prohibition, limitation or restriction of Extreme's use or development of all or any portion of the Property or any interference with such use by governmental action or otherwise, (iv) any eviction of Extreme or of anyone claiming through or under Extreme, (v) any default on the part of BNPLC under this Improvements Lease or under any other agreement to which BNPLC and Extreme are parties, (vi) the inadequacy in any way whatsoever of the design, construction, assembly or installation of any improvements, fixtures or tangible personal property included in the Property (it being understood that BNPLC has not made, does not make and will not make any representation express or implied as to the adequacy

thereof), (vii) any latent or other defect in the Property or any change in the condition thereof or the existence with respect to the Property of any violations of Applicable Laws, (viii) any breach by Seller of the Acquisition Contract or other agreements or promises or representations made in connection with the Acquisition Contract, (ix) any breach of a Premises Lease by any lessee thereunder, or (x) any other cause whether similar or dissimilar to the foregoing. It is the intention of the parties hereto that the obligations of Extreme hereunder shall be separate and independent of the covenants and agreements of BNPLC, that Base Rent and all other sums payable by Extreme hereunder shall continue to be payable in all events and that the obligations of Extreme hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated or limited pursuant to an express provision of this Improvements Lease. Without limiting the foregoing, Extreme waives to the extent permitted by Applicable Laws, except as otherwise expressly provided herein, all rights to which Extreme may now or hereafter be entitled by law (including any such rights arising because of any implied "warranty of suitability" or other warranty under Applicable Laws) (i) to quit, terminate or surrender this Improvements Lease or the Property or any part thereof or (ii) to any abatement, suspension, deferment or reduction of the Rent.

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However, nothing in this subparagraph 4.(b) shall be construed as a waiver by Extreme of any right Extreme may have at law or in equity to the following remedies, whether because of BNPLC's failure to remove a Lien Removable by BNPLC or because of any other default by BNPLC under this Improvements Lease that continues beyond the period for cure provided in Paragraph 18: (i) the recovery of monetary damages, (ii) injunctive relief in case of the violation, or attempted or threatened violation, by BNPLC of any of the express covenants, agreements, conditions or provisions of this Improvements Lease which are binding upon BNPLC (including the confidentiality provisions set forth in subparagraph 15.(c) below), or (iii) a decree compelling performance by BNPLC of any of the express covenants, agreements, conditions or provisions of this Improvements Lease which are binding upon BNPLC.

(c) Tax Reporting. BNPLC and Extreme shall report this Improvements

Lease and the Purchase Agreement for federal income tax purposes as a conditional sale unless prohibited from doing so by the Internal Revenue Service. If the Internal Revenue Service shall challenge BNPLC's characterization of this Improvements Lease and the Purchase Agreement as a conditional sale for federal income tax reporting purposes, BNPLC shall notify Extreme in writing of such challenge and consider in good faith any reasonable suggestions by Extreme about an appropriate response. In any event, Extreme shall (subject only to the limitations set forth in this subparagraph) indemnify and hold harmless BNPLC from and against all liabilities, costs, additional taxes (other than Excluded Taxes) and other expenses that may arise or become due because of such challenge or because of any resulting recharacterization required by the Internal Revenue Service, including any additional taxes that may become due upon any sale under the Purchase Agreement to the extent (if any) that such additional taxes are not offset by tax savings resulting from additional depreciation deductions or other tax benefits to BNPLC of the recharacterization. If BNPLC receives a written notice of any challenge by the Internal Revenue Service that BNPLC believes will be covered by this Paragraph, then BNPLC shall promptly furnish a copy of such notice to Extreme. The failure to so provide a copy of the notice to Extreme shall not excuse Extreme from its obligations under this Paragraph; provided, that if none of the officers of Extreme and none of the employees of Extreme responsible for tax matters are aware of the challenge described in the notice and such failure by BNPLC renders unavailable defenses that Extreme might otherwise assert, or precludes actions that Extreme might otherwise take, to minimize its obligations hereunder, then Extreme shall be excused from its obligation to indemnify BNPLC against liabilities, costs, additional taxes and other expenses, if any, which would not have been incurred but for such failure. For example, if BNPLC fails to provide Extreme with a copy of a notice of a challenge by the Internal Revenue Service covered by the indemnities set out in this Improvements Lease and Extreme is not otherwise already aware of such challenge, and if as a result of such failure BNPLC becomes liable for penalties and interest covered by the indemnities in excess of the penalties and interest that would have accrued if Extreme had been promptly provided with a copy of the notice, then Extreme will be excused from any obligation to BNPLC to pay the excess.

(d) Characterization of this Improvements Lease. For purposes of

determining the appropriate financial accounting for this Improvements Lease and for purposes of determining their respective rights and remedies under state law, BNPLC and Extreme believe and intend that (i) this Improvements Lease constitutes a true lease, not a mere financing arrangement, enforceable in accordance with its express terms, and the preceding subparagraph is not intended to affect the enforcement of any other provisions of this Improvements Lease or the Purchase Agreement, and (ii) the Purchase Agreement shall constitute a separate and independent contract, enforceable in accordance with the express terms and conditions set forth therein. In this regard, Extreme acknowledges that Extreme asked BNPLC to participate in the transactions evidenced by this Improvements Lease and the Purchase Agreement as a landlord and owner of the Property, not as a lender. Although other transactions might have been used to accomplish similar results, Extreme expects to receive certain material accounting and other advantages through the use of a lease transaction. Accordingly, and notwithstanding the reporting for income tax purposes described in the preceding subparagraph, Extreme cannot equitably deny that this Improvements Lease and the Purchase Agreement should be construed and enforced in accordance with their respective terms,

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rather than as a mortgage or other security device, in any action brought by BNPLC to enforce this Improvements Lease or the Purchase Agreement.

5 Payment of Executory Costs and Losses Related to the Property.

(a) Impositions. Subject only to the exceptions listed in

subparagraph 5.(d) below, Extreme shall pay or cause to be paid prior to delinquency all ad valorem taxes assessed against the Property and other Impositions. If requested by BNPLC from time to time, Extreme shall furnish BNPLC with receipts showing payment of all Impositions prior to the applicable delinquency date therefor.

Notwithstanding the foregoing, Extreme may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted Imposition, and pending such contest Extreme shall not be deemed in default under any of the provisions of this Improvements Lease because of the Imposition if (1) Extreme diligently prosecutes such contest to completion in a manner reasonably satisfactory to BNPLC, and (2) Extreme promptly causes to be paid any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, promptly after such judgment becomes final; provided, however, in any event each such contest shall be concluded and the contested Impositions must be paid by Extreme prior to the earlier of (i) the date that any criminal prosecution is instituted or overtly threatened against BNPLC or its directors, officers or employees because of the nonpayment thereof or (ii) the date any writ or order is issued under which any property owned or leased by BNPLC (including the Property) may be seized or sold or any other action is taken against BNPLC or against any property owned or leased by BNPLC because of the nonpayment thereof, or (iii) any Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property pursuant to the Purchase Agreement for a price to BNPLC (when taken together with any additional payments made by Extreme pursuant to Paragraph 1(A)(2) of the Purchase Agreement, in the

case of a purchase by an Applicable Purchaser) equal to the Break Even Price.

(b) Increased Costs; Capital Adequacy Charges. Subject only to the

exceptions listed in subparagraph 5.(d) below:

(i) If after the Effective Date there shall be any increase in the cost to BNPLC's Parent or any other Participant agreeing to make or making, funding or maintaining advances to BNPLC in connection with the Property because of any Banking Rules Change, then Extreme shall from time to time, pay to BNPLC for the account of BNPLC's Parent or such other Participant, as the case may be, additional amounts sufficient to compensate BNPLC's Parent or the Participant for such increased cost. An increase in costs resulting from any imposition or increase of reserve requirements applicable to Collateral held from time to time by BNPLC's Parent or other Participants pursuant to the Pledge Agreement would be an increase covered by the preceding sentence. A certificate as to the amount of such increased

cost, submitted to BNPLC and Extreme by BNPLC's Parent or the other Participant, shall be conclusive and binding upon Extreme, absent clear and demonstrable error.

(ii) BNPLC's Parent or any other Participant may demand additional payments ("Capital Adequacy Charges") if BNPLC's Parent or the other Participant determines that any Banking Rules Change affects the amount of capital to be maintained by it and that the amount of such capital is increased by or based upon the existence of advances made or to be made to BNPLC to permit BNPLC to maintain BNPLC's investment in the Property. To the extent that BNPLC's Parent or another Participant demands Capital Adequacy Charges as compensation for the additional capital requirements reasonably allocable to such investment or advances, Extreme shall pay to BNPLC for the account of BNPLC's Parent or the other Participant, as the case may be, the amount so demanded. Without limiting the foregoing, BNPLC and

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Extreme hereby acknowledge and agree that the provisions for calculating Base Rent set forth herein reflect the assumption that the Pledge Agreement will cause a zero percent (0%) risk weight to be assigned to a percentage (equal to the Collateral Percentage) of the collective investment of BNPLC and the Participants in the Property pursuant to 12 Code of Federal Regulations, part 225, as from time to time supplemented or amended, or pursuant to any other similar or successor statute or regulation applicable to BNPLC and the Participants. If and so long as such risk weight is increased above the assumed amount of zero percent (0%) because of a Banking Rules Change, Capital Adequacy Charges may be collected to yield the same rate of return to BNPLC, BNPLC's Parent and any other Participants (net of their costs of maintaining required capital) that they would have enjoyed from this Improvements Lease absent such increase.

(iii) Notwithstanding the foregoing provisions of this subparagraph 5.(b), Extreme shall not be obligated pay any claim for compensation pursuant to this subparagraph 5.(b) arising or accruing more than six months prior to the date Extreme is notified that BNPLC or a Participant intends to make the claim; provided, however, that Extreme shall not be excused by this subparagraph from providing such compensation for any period during which notice on behalf of BNPLC or the Participant, as the case may be, could not be provided because of the retroactive application of the statute, regulation or other basis for the claim.

(iv) Any amount required to be paid by Extreme under this subparagraph 5.(b) shall be due fifteen days after a notice requesting such payment is received by Extreme.

(c) Extreme's Payment of Other Losses; General Indemnification.

Subject only to the exceptions listed in subparagraph 5.(d) below:

(i) All Losses (including Environmental Losses) asserted against or incurred or suffered by BNPLC or other Interested Parties at any time and from time to time by reason of, in connection with or arising out of (A) their ownership or alleged ownership of any interest in the Property or the Rents, (B) the use and operation of the Property, (C) the negotiation, administration or enforcement of the Operative Documents, (D) the making of Funding Advances, (E) any construction undertaken by Extreme or others on its behalf on or about the Property, (F) any Premises Lease, (G) the breach by Extreme of this Improvements Lease or any other document executed by Extreme in connection herewith, (H) any failure of the Property or Extreme itself to comply with Applicable Laws, (I) Permitted Encumbrances, (J) Hazardous Substance Activities, including those occurring prior to Effective Date, (K) any obligations under the Acquisition Contract that survive the closing under the Acquisition Contract, or (L) any bodily or personal injury or death or property damage occurring in or upon or in the vicinity of the Property through any cause whatsoever, shall be paid by Extreme, and Extreme shall indemnify and defend BNPLC and other Interested Parties from and against all such Losses.

(ii) THE INDEMNITIES AND RELEASES PROVIDED HEREIN FOR THE BENEFIT OF BNPLC AND OTHER INTERESTED PARTIES, INCLUDING THE INDEMNITY SET FORTH IN

THE PRECEDING SUBPARAGRAPH 5.(c) (i), SHALL APPLY EVEN IF AND WHEN THE
SUBJECT MATTERS OF THE INDEMNITIES AND RELEASES ARE CAUSED BY OR ARISE OUT
OF THE NEGLIGENCE OR STRICT LIABILITY OF BNPLC OR ANOTHER INTERESTED PARTY.

FURTHER, SUCH INDEMNITIES AND RELEASES WILL APPLY EVEN IF INSURANCE
OBTAINED BY EXTREME OR REQUIRED OF EXTREME BY THIS IMPROVEMENTS LEASE OR
OTHER OPERATIVE DOCUMENTS IS NOT ADEQUATE TO COVER LOSSES AGAINST OR FOR
WHICH THE INDEMNITIES AND RELEASES ARE

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PROVIDED. EXTREME'S LIABILITY, HOWEVER, FOR ANY FAILURE TO OBTAIN INSURANCE
REQUIRED BY THIS IMPROVEMENTS LEASE OR OTHER OPERATIVE DOCUMENTS WILL NOT
BE LIMITED TO LOSSES AGAINST WHICH INDEMNITIES ARE PROVIDED HEREIN, IT
BEING UNDERSTOOD THAT SUCH INSURANCE IS INTENDED TO DO MORE THAN PROVIDE A
SOURCE OF PAYMENT FOR LOSSES AGAINST WHICH BNPLC AND OTHER INTERESTED
PARTIES ARE ENTITLED TO INDEMNIFICATION BY THIS IMPROVEMENTS LEASE.

(iii) Costs and expenses for which Extreme shall be responsible
pursuant to this subparagraph 5.(c) will include appraisal fees, filing and
recording fees, inspection fees, survey fees, taxes, brokerage fees and
commissions, abstract fees, title policy fees, Uniform Commercial Code
search fees, escrow fees and Attorneys' Fees incurred by BNPLC with respect
to the Property, whether such costs and expenses are incurred at the time
of execution of this Improvements Lease or at any time during the Term.

(iv) Extreme's obligations under this subparagraph 5.(c) shall
survive the termination or expiration of this Improvements Lease. Any
amount to be paid by Extreme under this subparagraph 5.(c) shall be due
fifteen days after a notice requesting such payment is received by Extreme.

(v) If an Interested Party notifies Extreme of any claim or
proceeding included in, or any investigation or allegation concerning,
Losses for which Extreme is responsible pursuant to this subparagraph
5.(c), Extreme shall assume on behalf of the Interested Party and conduct
with due diligence and in good faith the investigation and defense thereof
and the response thereto with counsel selected by Extreme, but reasonably
satisfactory to the Interested Party; provided, that the Interested Party
shall have the right to be represented by advisory counsel of its own
selection and at its own expense; and provided further, that if any such
claim, proceeding, investigation or allegation involves both Extreme and
the Interested Party and the Interested Party shall have reasonably
concluded that there are legal defenses available to it which are
inconsistent with or in addition to those available to Extreme, then the
Interested Party shall have the right to select separate counsel to
participate in the investigation and defense of and response to such claim,
proceeding, investigation or allegation on its own behalf, and Extreme
shall pay or reimburse the Interested Party for all Attorney's Fees
incurred by the Interested Party because of the selection of such separate
counsel. If Extreme fails to assume promptly (and in any event within
fifteen days after being notified of the applicable claim, proceeding,
investigation or allegation) the defense of the Interested Party, then the
Interested Party may contest (or settle, with the prior consent of Extreme,
which consent will not be unreasonably withheld) the claim, proceeding,
investigation or allegation at Extreme's expense using counsel selected by
the Interested Party. Moreover, if any such failure by Extreme continues
for forty-five days or more after Extreme is notified of any such claim,
proceeding, investigation or allegation, the Interested Party may elect not
to contest or continue contesting the same and instead, in accordance with
the written advice of counsel, settle (or pay in full) all claims related
thereto without Extreme's consent and without releasing Extreme from any
obligations to the Interested Party under this subparagraph 5.(c).

(d) Exceptions and Qualifications to Indemnities.

(i) BNPLC acknowledges and agrees that nothing in subparagraph 4.(a) or the preceding subparagraphs of this Paragraph 5 shall be construed to require Extreme to pay or reimburse (w) any costs or expenses incurred by any Interested Party (including BNPLC or any transferee of BNPLC) to accomplish any Permitted Transfers described in clauses (1), (2), (3), (4) or (6) of the definition thereof in the Common Definitions and Provisions Agreement (Improvements), (x) Excluded Taxes, (y) Losses

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incurred or suffered by any Interested Party that are proximately caused by (and attributed by any applicable principles of comparative fault to) the Established Misconduct of that Interested Party, or (z) Losses incurred or suffered in connection with the execution of the Participation Agreement or Pledge Agreement by Participants (or supplements making them parties thereto) or in connection with any negotiation or due diligence Participants may undertake before entering into the Participation Agreement or Pledge Agreement. Further, without limiting BNPLC's rights (as provided in other provisions of this Improvements Lease and other Operative Documents) to include the following in the calculation of Stipulated Loss Value and the Break Even Price (as applicable) or to collect Base Rent, a Supplemental Payment and other amounts, the calculation of which depends upon Stipulated Loss Value or the Break Even Price, BNPLC acknowledges and agrees that nothing in subparagraph 4.(a) or the preceding subparagraphs of this Paragraph 5 shall be construed to require Extreme to pay or reimburse an Interested Party for costs paid by BNPLC with the proceeds of the Initial Funding Advance as part of the Transaction Expenses.

Further, if an Interested Party receives a written notice of Losses that such Interested Party believes are covered by the indemnity in subparagraph 5.(c) (i), then such Interested Party will be expected to promptly furnish a copy of such notice to Extreme. The failure to so provide a copy of the notice to Extreme shall not excuse Extreme from its obligations under subparagraph 5.(c) (i); provided, that if Extreme is unaware of the matters described in the notice and such failure renders unavailable defenses that Extreme might otherwise assert, or precludes actions that Extreme might otherwise take, to minimize its obligations, then Extreme shall be excused from its obligation to indemnify such Interested Party (and any Affiliate of such Interested Party) against the Losses, if any, which would not have been incurred or suffered but for such failure. For example, if BNPLC fails to provide Extreme with a copy of a notice of an obligation covered by the indemnity set out in subparagraph 5.(c) (i) and Extreme is not otherwise already aware of such obligation, and if as a result of such failure BNPLC becomes liable for penalties and interest covered by the indemnity in excess of the penalties and interest that would have accrued if Extreme had been promptly provided with a copy of the notice, then Extreme will be excused from any obligation to BNPLC (or any Affiliate of BNPLC) to pay the excess.

6 Initial Renovations.

(a) Funds Advanced to Extreme From the Initial Funding Advance. As

provided in the definition of Initial Funding Advance in the Common Definitions and Provisions Agreement, the Initial Funding Advance includes a sum paid to Extreme, which Extreme will expend for BNPLC, to cover the cost of renovating, remodeling, improving and furnishing existing Improvements as described generally in Schedule 2 (collectively, the "Initial Renovations"). The Initial Renovations shall become and remain part of the Improvements and owned by BNPLC as provided herein. To the extent, if any, that funds received by Extreme from the Initial Funding Advance for the Initial Renovations exceed the actual cost thereof, such excess shall for the benefit of BNPLC be paid by Extreme to BNPLC (with a notice designating such payment as a Qualified Prepayment made pursuant to this subparagraph) no later than the first day of the first Base Rent Period to commence after the first anniversary of the Effective Date.

(b) Quality and Timing of the Initial Renovations. Any Initial

Renovations that Extreme elects to undertake must be completed by Extreme no later than the first anniversary of the Effective Date (a) in a safe and good and workmanlike manner, (b) in accordance with Applicable Laws, (c) in compliance with (i) the other provisions of this Lease, (ii) the material

provisions of the Permitted Encumbrances and (iii) the material provisions of the Development Documents, and (d) in a manner that, upon completion and taken as a whole, enhances the value of the Property by an amount commensurate with the funds from the Initial Funding Advance used by Extreme to pay the cost thereof.

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(c) Control of Work. Subject to the other terms and conditions

set forth in this Lease, Extreme shall have the sole right to initiate and control all Initial Renovations undertaken by it, including the means, methods, sequences and procedures implemented to accomplish the design and construction involved in making the Initial Renovations.

(d) Adequacy of Drawings, Specifications and Budgets. BNPLC has

made and will make no representations as to the adequacy of any budgets, site plans, renderings, plans, drawings or specifications for the Initial Renovations, and no modification of any such budgets, site plans, renderings, plans, drawings or specifications that may be required from time to time will entitle Extreme to any adjustment in the amount that has been paid to Extreme as described in the definition of Initial Funding Advance in the Common Definitions and Provisions Agreement.

(e) Existing Condition of the Land and Improvements. Extreme is

familiar with the conditions of the Land and any existing Improvements on the Land. Extreme shall have no claim for damages against BNPLC or for any additional payment from BNPLC by reason of any condition (concealed or otherwise) of or affecting the Land or Improvements.

(f) Clean Up. Upon the completion of all such work, Extreme will

remove all waste material and rubbish from and about the Land, as well as all tools, construction equipment, machinery and surplus materials. Extreme will keep the Land and the Improvements thereon in a reasonably safe and sightly condition as such work progresses.

(g) No Damage for Delays. Extreme shall have no claim for

damages against BNPLC or for any additional payment from BNPLC by reason of any delay in the work required to accomplish the Initial Renovations. Nor shall Extreme have any claim for an extension of the deadline specified in subparagraph 6.(b) for completing any Initial Renovations because of any such period of delay, unless, however, such delay has been caused by BNPLC's intentional interference with such work. In the event (and only to the extent) that any such intentional interference by BNPLC continues after Extreme provides written notice to cease, Extreme shall be entitled to an extension of such deadline. BNPLC's exercise of its rights and remedies permitted under this Lease or the other Operative Documents will not be construed as intentional interference with Extreme's performance of any such work.

(h) No Fee For Construction Management. Extreme shall have no

claim for any fee or other compensation or for any reimbursement of internal administrative or overhead expenses of Extreme by reason of the Initial Renovations (or any other services provided by Extreme under this Lease or other Operative Documents), it being understood that Extreme is executing this Lease in consideration of the rights expressly granted to it herein. Further, for purposes of calculating any Qualified Prepayment that Extreme must make as described in subparagraph 6.(a), no such fee or other compensation or internal administrative or overhead expenses of Extreme shall be included in the actual costs of any Initial Renovations.

7. Status of Property Acquired With Funds Provided by BNPLC. All Improvements constructed during the term of this Improvements Lease shall be owned by BNPLC and shall constitute "Property" covered by this Improvements Lease. Further, to the extent heretofore or hereafter acquired (in whole or in part) with any portion of the Initial Funding Advance or with other funds for which Extreme has received or hereafter receives reimbursement from the Initial

Funding Advance, all furnishings, furniture, chattels, permits, licenses, franchises, certificates and other personal property of whatever nature shall have been acquired on behalf of BNPLC by Extreme, shall be owned by BNPLC and shall constitute "Property" covered by this Improvements

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Lease, as shall all renewals or replacements of or substitutions for any such Property. Extreme shall not authorize or permit the transfer of title to the Improvements or to any other such Property to pass through Extreme or Extreme's Affiliates before it is transferred to BNPLC from contractors, suppliers, vendors or other third Persons. Nothing herein shall constitute authorization of Extreme, as agent, to bind BNPLC to any construction contract or other agreement with a third Person, but any construction contract or other agreement executed by Extreme for the acquisition or construction of Improvements or other components of the Property may provide for the transfer of title as required by the preceding sentence. Upon request of BNPLC, Extreme shall deliver to BNPLC an inventory describing all significant items of Personal Property (and, in the case of tangible personal property, showing the make, model, serial number and location thereof) other than Improvements, with a certification by Extreme that such inventory is true and complete and that all items specified in the inventory are covered by this Improvements Lease free and clear of any Lien other than the Permitted Encumbrances or Liens Removable by BNPLC.

8. Environmental.

(a) Environmental Covenants by Extreme. Extreme covenants that:

(i) Extreme shall not conduct or permit others to conduct Hazardous Substance Activities, except Permitted Hazardous Substance Use and Remedial Work.

(ii) Extreme shall not discharge or permit the discharge of anything on or from the Property that would require any permit under applicable Environmental Laws, other than (1) storm water runoff, (2) waste water discharges through a publicly owned treatment works, (3) discharges that are a necessary part of any Remedial Work, and (4) other similar discharges consistent with the definition herein of Permitted Hazardous Substance Use, in each case in strict compliance with Environmental Laws.

(iii) Following any discovery that Remedial Work is required by Environmental Laws or otherwise believed by BNPLC to be reasonably required, and to the extent not inconsistent with the other provisions of this Improvements Lease, Extreme shall promptly perform and diligently and continuously pursue such Remedial Work, in each case in strict compliance with Environmental Laws.

(iv) If requested by BNPLC in connection with any Remedial Work required by this subparagraph, Extreme shall retain independent environmental consultants acceptable to BNPLC to evaluate any significant new information generated during Extreme's implementation of the Remedial Work and to discuss with Extreme whether such new information indicates the need for any additional measures that Extreme should take to protect the health and safety of persons (including employees, contractors and subcontractors and their employees) or to protect the environment. Extreme shall implement any such additional measures to the extent required with respect to the Property by Environmental Laws or otherwise believed by BNPLC to be reasonably required and to the extent not inconsistent with the other provisions of this Improvements Lease.

(b) Right of BNPLC to do Remedial Work Not Performed by Extreme.

If Extreme's failure to cure any breach of the covenants set forth in subparagraph 8.(a) continues beyond the Environmental Cure Period (as defined below), BNPLC may, in addition to any other remedies available to it, conduct all or any part of the Remedial Work. To the extent that Remedial Work is done by BNPLC pursuant to the preceding sentence (including any removal of Hazardous Substances), the cost thereof shall be a demand obligation owing by Extreme to BNPLC. As used in this subparagraph, "Environmental Cure Period" means the period ending on the earlier of: (1) one hundred eighty days after Extreme is

notified of the breach which must be cured within such period, (2) the date that any writ or order is issued for the levy or sale of any property owned by BNPLC (including the Property) because of such breach, (3) the date that any criminal action is instituted or overtly threatened against

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BNPLC or any of its directors, officers or employees because of such breach, or (4) any Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property pursuant to the Purchase Agreement for a net price to BNPLC (when taken together with any Supplemental Payment made by Extreme pursuant to Paragraph 1(A)(2) of the Purchase Agreement, in the case of a purchase by an -----
Applicable Purchaser) equal to Stipulated Loss Value.

(c) Environmental Inspections and Reviews. BNPLC reserves the

right to retain environmental consultants to review any environmental report prepared by Extreme or to conduct BNPLC's own investigation to confirm whether Extreme is complying with the requirements of this Paragraph 8. Extreme grants to BNPLC and to BNPLC's agents, employees, consultants and contractors the right to enter upon the Property during reasonable hours and after reasonable notice to inspect the Property and to perform such tests as BNPLC deems necessary or appropriate to review or investigate Hazardous Substances in, on, under or about the Property or any discharge or suspected discharge of Hazardous Substances into groundwater or surface water from the Property. Extreme shall promptly reimburse BNPLC for the fees of its environmental consultants and the costs of any such inspections and tests; provided, however, BNPLC's right to such reimbursement shall be limited to the following circumstances: (1) a breach of this Paragraph 8 by Extreme shall, in fact, have occurred or an Event of Default shall have occurred and be continuing at the time BNPLC engages the consultants or first initiates the inspections and tests; (2) BNPLC shall have engaged the consultants or undertaken the tests and inspections to establish the condition of the Property just prior to any conveyance of the Property pursuant to the Option Agreement or to the expiration of this Improvements Lease; (3) BNPLC shall have engaged the consultants or undertaken the inspections and tests to satisfy any regulatory requirements applicable to BNPLC or its Affiliates; or (4) BNPLC shall have engaged the consultants or undertaken the tests because BNPLC was notified of a violation of Environmental Laws concerning the Property by any governmental authority or owner of other land in the vicinity of the Land.

(d) Communications Regarding Environmental Matters.

(i) Extreme shall immediately advise BNPLC of (1) any discovery of any event or circumstance which would render any of the representations of Extreme herein or in the Closing Certificate concerning environmental matters materially inaccurate or misleading if made at the time of such discovery and assuming that Extreme was aware of all relevant facts, (2) any Remedial Work (or change in Remedial Work) required or undertaken by Extreme or its Affiliates in response to any (A) discovery of any Hazardous Substances on, under or about the Property other than Permitted Hazardous Substances or (B) any claim for damages resulting from Hazardous Substance Activities, (3) Extreme's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property which could cause the Property or any part thereof to be subject to any ownership, occupancy, transferability or use restrictions under Environmental Laws, or (4) any investigation or inquiry of any failure or alleged failure by Extreme to comply with Environmental Laws affecting the Property by any governmental authority responsible for enforcing Environmental Laws. In such event, Extreme shall deliver to BNPLC within thirty days after BNPLC's request, a preliminary written environmental plan setting forth a general description of the action that Extreme proposes to take with respect thereto, if any, to bring the Property into compliance with Environmental Laws or to correct any breach by Extreme of this Paragraph 8, including any proposed Remedial Work, the estimated cost and time of completion, the name of the contractor and a copy of the construction contract, if any, and such additional data, instruments, documents, agreements or other materials or information as BNPLC may request.

(ii) Extreme shall provide BNPLC with copies of all material written communications with federal, state and local governments, or agencies relating to the matters listed in the preceding clause

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(i). Extreme shall also provide BNPLC with copies of any correspondence from third Persons which threaten litigation over any significant failure or alleged significant failure of Extreme to maintain or operate the Property in accordance with Environmental Laws.

(iii) Prior to Extreme's submission of a Material Environmental Communication to any governmental or regulatory agency or third party, Extreme shall, to the extent practicable, deliver to BNPLC a draft of the proposed submission (together with the proposed date of submission), and in good faith assess and consider any comments of BNPLC regarding the same. Promptly after BNPLC's request, Extreme shall meet with BNPLC to discuss the submission, shall provide any additional information requested by BNPLC and shall provide a written explanation to BNPLC addressing the issues raised by comments (if any) of BNPLC regarding the submission, including a reasoned analysis supporting any decision by Extreme not to modify the submission in accordance with comments of BNPLC.

9. Insurance Required and Condemnation.

(a) Liability Insurance. Throughout the Term Extreme shall

maintain commercial general liability insurance against claims for bodily and personal injury, death and property damage occurring in or upon or resulting from any occurrence in or upon the Property under one or more insurance policies that satisfy the requirements set forth in Exhibit B. Extreme shall deliver and

maintain with BNPLC for each liability insurance policy required by this Improvements Lease written confirmation of the policy and the scope of the coverage provided thereby issued by the applicable insurer or its authorized agent, which confirmation must also satisfy the requirements set forth in Exhibit B.

(b) Property Insurance. Throughout the Term Extreme will keep

all Improvements (including all alterations, additions and changes made to the Improvements) insured against fire and other casualty under one or more property insurance policies that satisfy the requirements set forth in Exhibit B. Extreme

shall deliver and maintain with BNPLC for each property insurance policy required by this Improvements Lease written confirmation of the policy and the scope of the coverage provided thereby issued by the applicable insurer or its authorized agent, which confirmation must also satisfy the requirements set forth in Exhibit B. If any of the Property is destroyed or damaged by fire,

explosion, windstorm, hail or by any other casualty against which insurance shall have been required hereunder, (i) BNPLC may, but shall not be obligated to, make proof of loss if not made promptly by Extreme after notice from BNPLC, (ii) each insurance company concerned is hereby authorized and directed to make payment for such loss directly to BNPLC for application as required by Paragraph 10, and (iii) BNPLC may settle, adjust or compromise any and all claims for loss, damage or destruction under any policy or policies of insurance (provided, that if any such claim is for less than \$500,000, if no Event of Default shall have occurred and be continuing, Extreme shall have the right to settle, adjust or compromise the claim as Extreme deems appropriate; and, provided further, that so long as no Event of Default shall have occurred and be continuing, BNPLC must provide Extreme with at least forty-five days notice of BNPLC's intention to settle any such claim before settling it unless Extreme shall already have approved of the settlement by BNPLC). If any casualty shall result in damage to or loss or destruction of the Property, Extreme shall give immediate notice thereof to BNPLC and Paragraph 10 shall apply.

(c Failure to Obtain Insurance. If Extreme fails to obtain any

insurance or to provide confirmation of any such insurance as required by this Improvements Lease, BNPLC shall be entitled (but not required) to obtain the insurance that Extreme has failed to obtain or for which Extreme has not provided the required confirmation and, without limiting BNPLC's other remedies under the circumstances, BNPLC may require Extreme to reimburse BNPLC for the cost of such insurance and to pay interest thereon computed at the Default Rate from the date such cost was paid by BNPLC until the date of reimbursement by Extreme.

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(d Condemnation. Immediately upon obtaining knowledge of the

institution of any proceedings for the condemnation of the Property or any portion thereof, or any other similar governmental or quasi-governmental proceedings arising out of injury or damage to the Property or any portion thereof, each party shall notify the other (provided, however, BNPLC shall have no liability for its failure to provide such notice) of the pendency of such proceedings. Extreme shall, at its expense, diligently prosecute any such proceedings and shall consult with BNPLC, its attorneys and experts and cooperate with them as requested in the carrying on or defense of any such proceedings. All proceeds of condemnation awards or proceeds of sale in lieu of condemnation with respect to the Property and all judgments, decrees and awards for injury or damage to the Property shall be paid to BNPLC as Escrowed Proceeds, and all such proceeds will be applied as provided in Paragraph 10. BNPLC is hereby authorized, in the name of Extreme, at any time when an Event of Default shall have occurred and be continuing, or otherwise with Extreme's prior consent, to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award concerning condemnation of any of the Property. BNPLC shall not be in any event or circumstances liable or responsible for failure to collect, or to exercise diligence in the collection of, any such proceeds, judgments, decrees or awards.

10. Application of Insurance and Condemnation Proceeds.

(a Collection and Application of Insurance and Condemnation

Proceeds Generally. This Paragraph 10 shall govern the application of proceeds

received by BNPLC or Extreme during the Term from any third party (1) under any property insurance policy as a result of damage to the Property (including proceeds payable under any insurance policy covering the Property which is maintained by Extreme), (2) as compensation for any restriction placed upon the use or development of the Property or for the condemnation of the Property or any portion thereof, or (3) because of any judgment, decree or award for injury or damage to the Property; excluding, however, any funds paid to BNPLC by BNPLC's Parent, by an Affiliate of BNPLC or by any Participant that is made to compensate BNPLC for any Losses BNPLC may suffer or incur in connection with this Improvements Lease or the Property. Except as provided in subparagraph 10.(d), Extreme will promptly pay over to BNPLC any insurance, condemnation or other proceeds covered by this Paragraph 10 which Extreme may receive from any insurer, condemning authority or other third party. All proceeds covered by this Paragraph 10, including those received by BNPLC from Extreme or third parties, shall be applied as follows:

(i First, proceeds covered by this Paragraph 10 will be used to reimburse BNPLC for any costs and expenses, including Attorneys' Fees, that BNPLC incurred to collect the proceeds.

(ii Second, the proceeds remaining after such reimbursement to BNPLC (hereinafter, the "Remaining Proceeds") will be applied, as hereinafter more particularly provided, either as a Qualified Prepayment or to reimburse Extreme or BNPLC for the actual out-of-pocket costs of repairing or restoring the Property. Until, however, any Remaining Proceeds received by BNPLC are applied by BNPLC as a Qualified Prepayment or applied by BNPLC to reimburse costs of repairs to or restoration of the Property pursuant to this Paragraph 10, BNPLC shall hold and maintain such Remaining Proceeds as Escrowed Proceeds in an interest bearing account, and all interest earned on such account shall be added to and made a part of such Escrowed Proceeds.

(b) Advances of Escrowed Proceeds to Extreme. Except as

otherwise provided below in this Paragraph 10, BNPLC shall advance all Remaining Proceeds held by it as Escrowed Proceeds to reimburse Extreme for the actual out-of-pocket cost to Extreme of repairing or restoring the Property in accordance with the requirements of this Improvements Lease and the other Operative Documents as the applicable repair or restoration progresses and upon compliance by Extreme with such terms, conditions and requirements as may be reasonably

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imposed by BNPLC. In no event, however, shall BNPLC be required to pay Escrowed Proceeds to Extreme in excess of the actual out-of-pocket cost to Extreme of the applicable repair or restoration, as evidenced by invoices or other documentation satisfactory to BNPLC, it being understood that BNPLC may retain and apply any such excess as a Qualified Prepayment.

(c) Application of Escrowed Proceeds as a Qualified Prepayment.

Provided that Extreme has completed any Initial Renovations which Extreme elects to undertake and no Event of Default shall have occurred and be continuing, BNPLC shall apply any Remaining Proceeds paid to it (or other amounts available for application as a Qualified Prepayment) as a Qualified Prepayment on any date that BNPLC is directed to do so by a notice from Extreme; however, if such a notice from Extreme specifies an effective date for a Qualified Prepayment that is less than five Business Days after BNPLC's actual receipt of the notice, BNPLC may postpone the date of the Qualified Prepayment to any date not later than five Business Days after BNPLC's receipt of the notice. In any event, except when BNPLC is required by the preceding sentence to apply Remaining Proceeds or other amounts as a Qualified Prepayment on the last day of a Base Rent Period, BNPLC may deduct Breakage Costs incurred in connection with any Qualified Prepayment from the Remaining Proceeds or other amounts available for application as the Qualified Prepayment, and Extreme will reimburse BNPLC upon request for any such Breakage Costs that BNPLC incurs but does not deduct.

(d) Special Provisions Applicable After Completion of Initial

Renovations. If, after Extreme has completed any Initial Renovations which

Extreme elects to undertake, any taking by condemnation of any portion of the Property or any casualty resulting in the diminution, destruction, demolition or damage to any portion of the Property shall (in the good faith judgment of BNPLC) reduce the then current "AS IS" market value by less than \$500,000 and (in the good faith estimation of BNPLC) be unlikely to result in Remaining Proceeds of more than \$500,000, and if no Event of Default shall have occurred and be continuing, then BNPLC will, upon Extreme's request, instruct the condemning authority or insurer, as applicable, to pay the Remaining Proceeds resulting therefrom directly to Extreme. Extreme shall apply any such Remaining Proceeds to the repair or restoration of the Property to a safe and secure condition and to a value of no less than the value before taking or casualty.

(e) Special Provisions Applicable After an Event of Default.

Notwithstanding the foregoing, when any Event of Default shall have occurred and be continuing, BNPLC shall be entitled to receive and collect all insurance, condemnation or other proceeds governed by this Paragraph 10 and to apply all Remaining Proceeds, when and to the extent deemed appropriate by BNPLC in its sole discretion, either (A) to the reimbursement of Extreme or BNPLC for the out-of-pocket cost of repairing or restoring the Property, or (B) as Qualified Prepayments.

(f) Extreme's Obligation to Restore. Regardless of the adequacy

of any Remaining Proceeds available to Extreme hereunder, and notwithstanding other provisions of this Improvements Lease to the contrary, if the Property is damaged by fire or other casualty or less than all or substantially all of the Property is taken by condemnation, Extreme must:

(i) promptly restore or improve the Property or the remainder thereof to a value no less than Stipulated Loss Value and to a

reasonably safe and slightly condition; or

(ii promptly restore the Property to a reasonably safe and slightly condition and pay to BNPLC for application as a Qualified Prepayment the amount (if any), as determined by BNPLC, needed to reduce Stipulated Loss Value to no more than the then current "AS IS" market value of the Property or remainder thereof.

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(g Takings of All or Substantially All of the Property. In the

event of any taking of all or substantially all of the Property, BNPLC shall be entitled to apply all Remaining Proceeds as a Qualified Prepayment. In addition, if Stipulated Loss Value immediately prior to any such taking exceeds the sum of the Remaining Proceeds resulting from such a condemnation, then BNPLC shall be entitled to recover the excess from Extreme upon demand as an additional Qualified Prepayment, whereupon this Improvements Lease shall terminate. Any taking of so much of the Real Property as, in BNPLC's reasonable good faith judgment, makes it impracticable to restore or improve the remainder thereof as required by part (ii) of the preceding subparagraph shall be considered a taking of substantially all the Property for purposes of this Paragraph 10.

11. Additional Representations, Warranties and Covenants of Extreme Concerning the Property. Extreme represents, warrants and covenants as follows:

(a Compliance with Covenants and Laws. The use of the Property

permitted by this Improvements Lease complies, or will comply after Extreme obtains available permits as the tenant under this Improvements Lease, in all material respects with all Applicable Laws. Extreme has obtained or will promptly obtain all utility, building, health and operating permits as may be required by any governmental authority or municipality having jurisdiction over the Property for the construction contemplated herein and the use of the Property permitted by this Improvements Lease.

(b Operation of the Property. During the Term, Extreme shall

operate the Property in a good and workmanlike manner and substantially in compliance with all Applicable Laws and will pay or cause to be paid all fees or charges of any kind in connection therewith. (If Extreme does not promptly correct any failure of the Property to comply with Applicable Laws that is the subject of a written notice given to Extreme or BNPLC by any governmental authority, then for purposes of the preceding sentence, Extreme shall be considered not to have maintained the Property "substantially in accordance with Applicable Laws" whether or not the noncompliance would be substantial in the absence of the notice.) During the Term, Extreme shall not use or occupy, or allow the use or occupancy of, the Property in any manner which violates any Applicable Law or which constitutes a public or private nuisance or which makes void, voidable or cancelable any insurance then in force with respect thereto. During the Term, to the extent that any of the following would, individually or in the aggregate, materially and adversely affect the value of the Property or the use of the Property for purposes permitted by this Improvements Lease, Extreme shall not, without BNPLC's prior consent: (i) initiate or permit any zoning reclassification of the Property; (ii) seek any variance under existing zoning ordinances applicable to the Property; (iii) use or permit the use of the Property in a manner that would result in such use becoming a nonconforming use under applicable zoning ordinances or similar laws, rules or regulations; (iv) execute or file any subdivision plat affecting the Property; or (v) consent to the annexation of the Property to any municipality. If during the Term (A) a change in the zoning or other Applicable Laws affecting the permitted use or development of the Property shall occur that (in BNPLC's good faith judgment) reduces the value of the Property, or (B) conditions or circumstances on or about the Property are discovered (such as the presence of an endangered species) which substantially impede development and thereby (in BNPLC's good faith judgment) reduce the value of the Property, then Extreme shall upon demand pay BNPLC an amount equal to such reduction (as determined by BNPLC in good faith) for application as a Qualified Prepayment. Extreme shall not permit any drilling or exploration for, or extraction, removal or production of, minerals from the surface or subsurface of the Property, and Extreme shall not do anything that could reasonably be expected to significantly reduce the market value of the Property. If Extreme receives a notice or claim from any federal,

state or other governmental authority that the Property is not in compliance with any Applicable Law, or that any action may be taken against BNPLC because the Property does not comply with any Applicable Law, Extreme shall promptly furnish a copy of such notice or claim to BNPLC.

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Notwithstanding the foregoing, Extreme may in good faith, by appropriate proceedings, contest the validity and applicability of any Applicable Law with respect to the Property, and pending such contest Extreme shall not be deemed in default hereunder because of the violation of such Applicable Law, if Extreme diligently prosecutes such contest to completion in a manner reasonably satisfactory to BNPLC, and if Extreme promptly causes the Property to comply with any such Applicable Law upon a final determination by a court of competent jurisdiction that the same is valid and applicable to the Property; provided, however, in any event such contest shall be concluded and the violation of such Applicable Law must be corrected by Extreme and any claims asserted against BNPLC or the Property because of such violation must be paid by Extreme, all prior to the earlier of (i) the date that any criminal prosecution is instituted or overtly threatened against BNPLC or any of its directors, officers or employees because of such violation, (ii) the date that any action is taken by any governmental authority against BNPLC or any property owned by BNPLC (including the Property) because of such violation, or (iii) a Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property pursuant to the Purchase Agreement for a price to BNPLC (when taken together with any additional payments made by Extreme pursuant to Paragraph 1(A)(2) of the Purchase Agreement, in the case of a purchase by an Applicable Purchaser) equal to the Break Even Price.

(c) Debts for Construction, Maintenance, Operation or Development. Extreme shall cause all debts and liabilities incurred in the construction, maintenance, operation or development of the Property, including all debts and liabilities for labor, material and equipment and all debts and charges for utilities servicing the Property, to be promptly paid; provided, that nothing in this subparagraph will be construed to require Extreme to remove Liens Removable by BNPLC.

Notwithstanding the foregoing, Extreme may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted mechanic's or materialmen's lien and pending such contest Extreme shall not be deemed in default under this subparagraph because of the contested lien if (1) within sixty days after being asked to do so by BNPLC, Extreme bonds over to BNPLC's reasonable satisfaction all such contested liens against the Property alleged to secure an amount in excess of \$500,000 (individually or in the aggregate), (2) Extreme diligently prosecutes such contest to completion in a manner reasonably satisfactory to BNPLC, and (3) Extreme promptly causes to be paid any amount adjudged by a court of competent jurisdiction to be due, with all costs and interest thereon, promptly after such judgment becomes final; provided, however, that in any event each such contest shall be concluded and the lien, interest and costs must be paid by Extreme prior to the earlier of (i) the date that any criminal prosecution is instituted or overtly threatened against BNPLC or its directors, officers or employees because of the nonpayment thereof, (ii) the date that any writ or order is issued under which the Property or any other property in which BNPLC has an interest may be seized or sold or any other action is taken against BNPLC or any property in which BNPLC has an interest because of the nonpayment thereof, or (iii) a Designated Sale Date upon which, for any reason, Extreme or an Affiliate of Extreme or any Applicable Purchaser shall not purchase BNPLC's interest in the Property pursuant to the Purchase Agreement for a price to BNPLC (when taken together with any additional payments made by Extreme pursuant to Paragraph 1(A)(2) of the Purchase Agreement, in the case of a purchase by an Applicable Purchaser) equal to the Break Even Price.

(d) Repair, Maintenance, Alterations and Additions. Extreme shall keep the Property in good order, operating condition and appearance and shall cause all necessary repairs, renewals and replacements to be promptly

made. Extreme will not allow any of the Property to be materially misused, abused or wasted, and Extreme shall promptly replace any worn-out fixtures and Personal Property with fixtures and Personal Property comparable to the replaced items when new. Except as required in connection with Initial Renovations made in accordance with Paragraph 6, Extreme shall not, without the prior consent of BNPLC, (i) remove from the Property any fixture or Personal Property having significant value except such as are replaced by Extreme by fixtures or Personal Property of equal suitability and value, free and clear of any lien or security interest (and for purposes of

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this clause "significant value" will mean any fixture or Personal Property that has a value of more than \$100,000 or that, when considered together with all other fixtures and Personal Property removed and not replaced by Extreme by items of equal suitability and value, has an aggregate value of \$500,000 or more) or (ii) make material new Improvements or alter Improvements in any material respect. Without limiting the foregoing, Extreme will notify BNPLC before making any significant alterations to the Improvements after the completion of any Initial Renovations which Extreme elects to undertake.

(e) Permitted Encumbrances and Development Documents. Extreme

shall during the Term comply with and will cause to be performed all of the covenants, agreements and obligations imposed upon the owner of any interest in the Property by the Permitted Encumbrances (including the Premises Leases) or the Development Documents. Without limiting the foregoing, Extreme shall cause all amounts to be paid when due, the payment of which is secured by any Lien against the Property created by the Permitted Encumbrances. Without the prior consent of BNPLC, Extreme shall not enter into, initiate, approve or consent to any modification of any Permitted Encumbrance or Development Document that would create or expand or purport to create or expand obligations or restrictions which would encumber BNPLC's interest in the Property. (Whether BNPLC must give any such consent requested by Extreme during the Term of this Improvements Lease shall be governed by subparagraph 3(A) of the Closing Certificate and

Agreement.)

(f) Books and Records Concerning the Property. Extreme shall

keep books and records that are accurate and complete in all material respects for the Property and, subject to Paragraph 15.(c), will permit all such books and records (including all contracts, statements, invoices, bills and claims for labor, materials and services supplied for the construction and operation of any Improvements) to be inspected and copied by BNPLC. This subparagraph shall not be construed as requiring Extreme to regularly maintain separate books and records relating exclusively to the Property; provided, however, that upon request, Extreme shall construct or abstract from its regularly maintained books and records information required by this subparagraph relating to the Property.

12. Financial Covenants, Reporting Covenants and Other Covenants Incorporated by Reference to Schedule 1. Throughout the Term of this

Improvements Lease, Extreme shall comply with the requirements of Schedule 1

attached hereto.

13. Assignment and Subletting by Extreme.

(a) BNPLC's Consent Required. Without the prior consent of

BNPLC, Extreme shall not assign, transfer, mortgage, pledge or hypothecate this Improvements Lease or any interest of Extreme hereunder and shall not sublet all or any part of the Property, by operation of law or otherwise; provided, that subject to subparagraph 13.(c) below, (I) this provision shall not be construed to prohibit any Premises Lease described in the Common Definitions and Provisions Agreement (Improvements) or any transfer or sublease by a lessee thereunder which is authorized by any Premises Lease, and (II) if (and after) Extreme completes Initial Renovations, and so long as no Event of Default has occurred and is continuing: (1) Extreme shall be entitled to sublet no more than 49% (computed on the basis of square footage) of the useable space in then

existing and completed building Improvements, if any, so long as (i) any sublease by Extreme is made expressly subject and subordinate to the terms hereof, and (ii) such sublease has a term equal to or less than the remainder of the then effective Term of this Improvements Lease; and (2) Extreme shall be entitled to assign or transfer this Improvements Lease or any interest of Extreme hereunder to an Affiliate of Extreme if both Extreme and its Affiliate confirm their joint and several liability hereunder by written notice given to BNPLC.

(b) Standard for BNPLC's Consent to Assignments and Certain

Other Matters. Consents and approvals of BNPLC which are required by this

Paragraph 13 will not be unreasonably withheld or delayed, but

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Extreme acknowledges that BNPLC's withholding of such consent or approval shall be reasonable if BNPLC determines in good faith that (1) giving the approval may materially increase BNPLC's risk of liability for any existing or future environmental problem, or (2) giving the approval is likely to increase BNPLC's administrative burden of complying with or monitoring Extreme's compliance with the requirements of this Improvements Lease.

(c) Consent Not a Waiver. No consent by BNPLC to a sale,

assignment, transfer, mortgage, pledge or hypothecation of this Improvements Lease or Extreme's interest hereunder, and no assignment or subletting of the Property or any part thereof in accordance with this Improvements Lease or otherwise with BNPLC's consent, shall release Extreme from liability hereunder; and any such consent shall apply only to the specific transaction thereby authorized and shall not relieve Extreme from any requirement of obtaining the prior consent of BNPLC to any further sale, assignment, transfer, mortgage, pledge or hypothecation of this Improvements Lease or any interest of Extreme hereunder.

14. Assignment by BNPLC.

(a) Restrictions on Transfers. Except by a Permitted Transfer,

BNPLC shall not assign, transfer, mortgage, pledge, encumber or hypothecate this Improvements Lease or the other Operative Documents or any interest of BNPLC in and to the Property during the Term without the prior consent of Extreme, which consent Extreme may withhold in its sole discretion. Further, notwithstanding anything to the contrary herein contained, if withholding taxes are imposed on the rents and other amounts payable to BNPLC hereunder because of BNPLC's assignment of this Improvements Lease to any citizen of, or any corporation or other entity formed under the laws of, a country other than the United States, Extreme shall not be required to compensate BNPLC or any such assignee for the withholding tax. If, in breach of this subparagraph, BNPLC transfers the Property or any part thereof by a conveyance or that does not constitute a Permitted Transfer, with the result that additional transfer taxes or other Impositions are assessed against the Property or the owner thereof, BNPLC shall be required to pay such additional transfer taxes or other Impositions.

(b) Effect of Permitted Transfer or other Assignment by BNPLC.

If, without breaching subparagraph 14.(a), BNPLC sells or otherwise transfers the Property and assigns to the transferee all of BNPLC's rights under this Improvements Lease and under the other Operative Documents, and if the transferee expressly assumes all of BNPLC's obligations under this Improvements Lease and under the other Operative Documents, then BNPLC shall thereby be released from any obligations arising after such assumption under this Improvements Lease or under the other Operative Documents, and Extreme shall look solely to each successor in interest of BNPLC for performance of such obligations. (As used in this subparagraph, "Operative Documents" is intended to mean not only the Operative Documents as defined in the Common Definitions and Provisions Agreement (Improvements), but also the Operative Documents as defined in the Other Common Definitions and Provisions Agreement.)

15. BNPLC's Right of Access.

(a) During the Term, BNPLC and BNPLC's representatives may (subject to subparagraphs 15.(c) and 15.(d)) enter the Property at any reasonable time after five Business Days advance written notice to Extreme for the purpose of making inspections or performing any work BNPLC is authorized to undertake by the next subparagraph or for the purpose confirming whether Extreme has complied with the requirements of this Improvements Lease or the other Operative Documents.

(b) If Extreme fails to perform any act or to take any action required of it by this Improvements Lease or the Closing Certificate, or to pay any money which Extreme is required by this

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Improvements Lease or the Closing Certificate to pay, and if such failure or action constitutes an Event of Default or renders BNPLC or any director, officer, employee or Affiliate of BNPLC at risk of criminal prosecution or renders BNPLC's interest in the Property or any part thereof at risk of forfeiture by forced sale or otherwise, then in addition to any other remedies specified herein or otherwise available, BNPLC may, perform or cause to be performed such act or take such action or pay such money. Any expenses so incurred by BNPLC, and any money so paid by BNPLC, shall be a demand obligation owing by Extreme to BNPLC. Further, BNPLC, upon making such payment, shall be subrogated to all of the rights of the person, corporation or body politic receiving such payment. But nothing herein shall imply any duty upon the part of BNPLC to do any work which under any provision of this Improvements Lease Extreme may be required to perform, and the performance thereof by BNPLC shall not constitute a waiver of Extreme's default. BNPLC may during the progress of any such work permitted by BNPLC hereunder on or in the Property keep and store upon the Property all necessary materials, tools, and equipment. BNPLC shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage to Extreme or the subtenants or invitees of Extreme by reason of making such repairs or the performance of any such work on or in the Property, or on account of bringing materials, supplies and equipment into or through the Property during the course of such work (except for any liability in excess of the liability insurance limits established in Exhibit B resulting from

death or injury or damage to the property of third parties caused by the Established Misconduct of BNPLC or its officers, employees, or agents in connection therewith), and the obligations of Extreme under this Improvements Lease shall not thereby be excused in any manner.

(c) Extreme shall have no obligation to provide proprietary information (as defined in the next sentence) to BNPLC, except and to the extent that (1) BNPLC reasonably determines that BNPLC cannot accomplish the purposes of BNPLC's inspection of the Property or exercise of other rights granted pursuant to the various express provisions of this Improvements Lease and the other Operative Documents without evaluating such information. For purposes of this Improvements Lease "proprietary information" includes Extreme's intellectual property, trade secrets and other confidential information of value to Extreme about, among other things, Extreme's manufacturing processes, products, marketing and corporate strategies, but in no event will "proprietary information" include any disclosure of substances and materials (and their chemical composition) which are or previously have been present in, on or under the Property at the time of any inspections by BNPLC, nor will "proprietary information" include any additional disclosures reasonably required to permit BNPLC to determine whether the presence of such substances and materials has constituted a violation of Environmental Laws. In addition, under no circumstances shall Extreme have any obligation to disclose to BNPLC or any other party any proprietary information of Extreme (including, without limitation, any pending applications for patents or trademarks, any research and design and any trade secrets) except if and to the limited extent reasonably necessary to comply with the express provisions of this Improvements Lease or the other Operative Documents.

(d) So long as Extreme remains in possession of the Property, BNPLC or BNPLC's representative will, before making any inspection or performing any work on the Property authorized by this Improvements Lease, if then requested to do so by Extreme to maintain Extreme's security: (i) sign in at Extreme's security or information desk if Extreme has such a desk on the premises, (ii) wear a visitor's badge or other reasonable identification, (iii) permit an employee of Extreme to observe such inspection or work, and (iv) comply with

other similar reasonable nondiscriminatory security requirements of Extreme that do not, individually or in the aggregate, significantly interfere with inspections or work of BNPLC authorized by this Improvements Lease.

16. Events of Default. Each of the following events shall be an "Event of Default" by Extreme under this Improvements Lease:

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(a) Extreme shall fail to pay when due any installment of Rent due hereunder and such failure shall continue for three (3) Business Days after Extreme is notified in writing thereof.

(b) Extreme shall fail to cause any representation or warranty of Extreme contained herein or in the Closing Certificate that was false or misleading in any material respect when made to be made true and not misleading (other than as described in the other clauses of this Paragraph 16), or Extreme shall fail to comply with any term, provision or covenant of this Improvements Lease or of the Closing Certificate (other than as described in the other clauses of this Paragraph 16), and in either case shall not cure such failure prior to the earlier of (A) thirty days after written notice thereof is sent to Extreme or (B) the date any writ or order is issued for the levy or sale of any property owned by BNPLC (including the Property) or any criminal prosecution is instituted or overtly threatened against BNPLC or any of its directors, officers or employees because of such failure; provided, however, that so long as no such writ or order is issued and no such criminal prosecution is instituted or overtly threatened, the period within which such failure may be cured by Extreme shall be extended for a further period (not to exceed an additional sixty days) as shall be necessary for the curing thereof with diligence, if (but only if) (x) such failure is susceptible of cure but cannot with reasonable diligence be cured within such thirty day period, (y) Extreme shall promptly have commenced to cure such failure and shall thereafter continuously prosecute the curing thereof with reasonable diligence and (z) the extension of the period for cure will not, in any event, cause the period for cure to extend beyond five days prior to the expiration of this Improvements Lease.

(c) Extreme shall abandon the Property.

(d) Extreme or any Subsidiary shall fail to make any payment or payments of principal, premium or interest, of Debt of Extreme described in the next sentence when due (taking into consideration the time Extreme may have to cure such failure, if any, under the documents governing such Debt). As used in this clause 14(a)(v), "Debt" shall include only Debt (as defined in the Common Definitions and Provisions Agreement (Improvements)) of Extreme or any of its Subsidiaries now existing or arising in the future (1) payable to any Interested Party, or (2) payable to any other Person and with respect to which \$5,000,000 or more is actually due and payable because of acceleration or otherwise.

(e) Extreme: (a) shall generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; or (b) shall make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (c) shall file any petition or application to commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (d) shall have had any such petition or application filed against it; or (e) by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any substantial part of its property; or (f) shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of sixty days or more.

(f) One or more final judgments, decrees or orders for the payment of money in excess of \$5,000,000 in the aggregate shall be rendered against Extreme and such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty consecutive days without Extreme's having obtained an agreement (or after the expiration or termination of an agreement) of the Persons entitled to enforce such judgment, decrees or orders not to enforce the

same pending negotiations with Extreme concerning the satisfaction or other discharge of the same. (For purposes of this provision, no judgment, decree or order will be considered "final" until Extreme's right to appeal, if any, shall have expired or been exhausted.)

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(g) Extreme shall breach the requirements of Paragraph 12, which by reference to Schedule 1 establishes certain financial covenants and other requirements.

(h) As of the effective date of this Improvements Lease, any of the representations or warranties of Extreme contained in subparagraphs 2(A) - (K) of the Closing Certificate shall be false or misleading in any material respect.

(i) Extreme shall fail to pay the full amount of any Supplemental Payment required by the Purchase Agreement on the Designated Sale Date.

(j) Extreme shall fail to comply with any term, provision or condition of the Pledge Agreement after the expiration of any applicable notice and cure period set forth in the Pledge Agreement.

17. Remedies.

(a) Basic Remedies. At any time after an Event of Default and after BNPLC has given any notice required by subparagraph 17.(b), BNPLC shall be entitled at BNPLC's option (and without limiting BNPLC in the exercise of any other right or remedy BNPLC may have, and without any further demand or notice except as expressly described in this subparagraph 17.(a)), to exercise any one or more of the following remedies:

(i) By notice to Extreme, BNPLC may terminate Extreme's right to possession of the Property. A notice given in connection with unlawful detainer proceedings specifying a time within which to cure a default shall terminate Extreme's right to possession if Extreme fails to cure the default within the time specified in the notice.

(ii) Upon termination of Extreme's right to possession and without further demand or notice, BNPLC may re-enter the Property in any manner not prohibited by Applicable Law and take possession of all improvements, additions, alterations, equipment and fixtures thereon and remove any persons in possession thereof. Any property in the Improvements may be removed and stored in a warehouse or elsewhere at the expense and risk of and for the account of Extreme.

(iii) Upon termination of Extreme's right to possession, this Improvements Lease shall terminate and BNPLC may recover from Extreme:

a) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;

b) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Extreme proves could have been reasonably avoided;

c) The worth at the time of award of the amount by which the unpaid Rent for the balance of the scheduled Term after the time of award exceeds the amount of such rental loss that Extreme proves could be reasonably avoided; and

d) Any other amount necessary to compensate BNPLC for all the detriment proximately caused by Extreme's failure to perform Extreme's obligations under this Improvements Lease or which in the ordinary course of things would be likely to result therefrom, including the

costs and expenses (including Attorneys' Fees, advertising costs and brokers' commissions) of recovering possession of the Property, removing persons or property therefrom, placing the Property in good order, condition, and repair, preparing and altering the Property for reletting, all other costs and expenses of reletting, and any loss incurred by BNPLC as a result of Extreme's failure to perform Extreme's obligations under the other Operative Documents.

The "worth at the time of award" of the amounts referred to in subparagraph 17.(a)(iii)a) and subparagraph 17.(a)(iii)b) shall be computed by allowing interest at the Default Rate. The "worth at the time of award" of the amount referred to in subparagraph 17.(a)(iii)c) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

e) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

(iv) BNPLC shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in force even after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations). Accordingly, even if Extreme has breached this Improvements Lease and abandoned the Property, this Improvements Lease shall continue in effect for so long as BNPLC does not terminate Extreme's right to possession, and BNPLC may enforce all of BNPLC's rights and remedies under this Improvements Lease, including the right to recover the Rent as it becomes due under this Improvements Lease. Extreme's right to possession shall not be deemed to have been terminated by BNPLC except pursuant to subparagraph 17.(a)(i) hereof. The following shall not constitute a termination of Extreme's right to possession:

- a) Acts of maintenance or preservation or efforts to relet the Property;
- b) The appointment of a receiver upon the initiative of BNPLC to protect BNPLC's interest under this Improvements Lease; or
- c) Reasonable withholding of consent to an assignment or subletting, or terminating a subletting or assignment by Extreme.

(b) Notice Required So Long As the Purchase Option and Extreme's

Initial Remarketing Rights and Obligations Continue Under the Purchase

Agreement. So long as Extreme remains in possession of the Property and there

has been no termination of the Purchase Option and Extreme's Initial Remarketing Rights and Obligations as provided Paragraph 4 of the Purchase Agreement,

BNPLC's right to exercise remedies provided in subparagraph 17.(a) will be subject to the condition precedent that BNPLC shall have notified Extreme, at a time when an Event of Default shall have occurred and be continuing, of BNPLC's intent to exercise remedies provided in subparagraph 17.(a) at least sixty days prior to exercising the remedies. The condition precedent is intended to provide Extreme with an opportunity to exercise the Purchase Option or Extreme's Initial Remarketing Rights and Obligations before losing possession of the Property pursuant to subparagraph 17.(a). The condition precedent is not, however, intended to extend any period for curing an Event of Default. Accordingly, if an Event of Default has occurred, and regardless of whether any Event of Default is then continuing, BNPLC may proceed immediately to exercise remedies provided in subparagraph 17.(a) at any time after the earlier of (i) sixty days after BNPLC has given such a notice to Extreme, (ii) any date upon which Extreme

relinquishes possession of the Property, or (iii) any termination of the Purchase Option and Extreme's Initial Remarketing Rights and Obligations.

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(c) Enforceability. This Paragraph 17 shall be enforceable to the

maximum extent not prohibited by Applicable Law, and the unenforceability of any provision in this Paragraph shall not render any other provision unenforceable.

(d) Remedies Cumulative. No right or remedy herein conferred upon or

reserved to BNPLC is intended to be exclusive of any other right or remedy, and each and every such right and remedy shall be cumulative and in addition to any other right or remedy given to BNPLC hereunder or now or hereafter existing in favor of BNPLC under Applicable Law or in equity. In addition to other remedies provided in this Improvements Lease, BNPLC shall be entitled, to the extent permitted by Applicable Law or in equity, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the covenants, agreements, conditions or provisions of this Improvements Lease, or to a decree compelling performance of any of the other covenants, agreements, conditions or provisions of this Improvements Lease to be performed by Extreme, or to any other remedy allowed to BNPLC at law or in equity. Nothing contained in this Improvements Lease shall limit or prejudice the right of BNPLC to prove for and obtain in proceedings for bankruptcy or insolvency of Extreme by reason of the termination of this Improvements Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above. Without limiting the generality of the foregoing, nothing contained herein shall modify, limit or impair any of the rights and remedies of BNPLC under the Purchase Documents, and BNPLC shall not be required to give the sixty day notice described in subparagraph 17.(b) as a condition precedent to any acceleration of the Designated Sale Date or to taking any action to enforce the Purchase Documents.

18. Default by BNPLC. If BNPLC should default in the performance of any of its obligations under this Improvements Lease, BNPLC shall have the time reasonably required, but in no event less than thirty days, to cure such default after receipt of notice from Extreme specifying such default and specifying what action Extreme believes is necessary to cure the default. If Extreme prevails in any litigation brought against BNPLC because of BNPLC's failure to cure a default within the time required by the preceding sentence, then Extreme shall be entitled to an award against BNPLC for the monetary damages proximately caused to Extreme by such default.

Notwithstanding the foregoing, BNPLC's right to cure as provided in this Paragraph 18 will not in any event extend the time within which BNPLC must remove Liens Removable by BNPLC as required by Paragraph 19 beyond the Designated Sale Date.

19. Quiet Enjoyment. Provided Extreme pays the Base Rent and all Additional Rent payable hereunder as and when due and payable and keeps and fulfills all of the terms, covenants, agreements and conditions to be performed by Extreme hereunder, BNPLC shall not during the Term disturb Extreme's peaceable and quiet enjoyment of the Property; however, such enjoyment shall be subject to the terms, provisions, covenants, agreements and conditions of this Improvements Lease, to Permitted Encumbrances, to Development Documents and to any other claims not constituting Liens Removable by BNPLC. If any Lien Removable by BNPLC is claimed against the Property, BNPLC will remove the Lien Removable by BNPLC promptly. Any breach by BNPLC of this Paragraph shall render BNPLC liable to Extreme for any monetary damages proximately caused thereby, but as more specifically provided in subparagraph 4.(b) above, no such breach shall entitle Extreme to terminate this Improvements Lease or excuse Extreme from its obligation to pay Rent.

20. Surrender Upon Termination. Unless Extreme or an Applicable Purchaser purchases or has purchased BNPLC's entire interest in the Property pursuant to the terms of the Purchase Agreement and BNPLC's entire interest in the Improvements and other "Property" under (and as defined in) the Other Purchase Agreement,

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Extreme shall, upon the termination of Extreme's right to occupancy, surrender to BNPLC the Property, including Improvements constructed by Extreme and fixtures and furnishings included in the Property, free of all Hazardous Substances (including Permitted Hazardous Substances) and tenancies and with all Improvements in substantially the same condition as of the date the same were initially completed, excepting only (i) ordinary wear and tear that occurs between the maintenance, repairs and replacements required by other provisions of this Improvements Lease or the Other Lease Agreement, and (ii) demolition, alterations and additions which are expressly permitted by the terms of this Improvements Lease or the Other Lease Agreement and which have been completed by Extreme in a good and workmanlike manner in accordance with all Applicable Laws. Any movable furniture or movable personal property belonging to Extreme or any party claiming under Extreme, if not removed at the time of such termination and if BNPLC shall so elect, shall be deemed abandoned and become the property of BNPLC without any payment or offset therefor. If BNPLC shall not so elect, BNPLC may remove such property from the Property and store it at Extreme's risk and expense.

Nothing in this Paragraph 20 will be construed to require Extreme to surrender the Property to BNPLC during the continuation of any breach by BNPLC of any obligation it has under the Purchase Agreement to convey the Property to Extreme or an Applicable Purchaser.

21. Holding Over by Extreme. Should Extreme not purchase BNPLC's right, title and interest in the Property as provided in the Purchase Agreement, but nonetheless continue to hold the Property after the termination of this Improvements Lease without BNPLC's consent, whether such termination occurs by lapse of time or otherwise, such holding over shall constitute and be construed as a tenancy from day to day only, at a daily Base Rent equal to: (i) Stipulated Loss Value on the day in question, times (ii) the Default Rate for such day; divided by (iii) three hundred and sixty; subject, however, to all of the terms, provisions, covenants and agreements on the part of Extreme hereunder. No payments of money by Extreme to BNPLC after the termination of this Improvements Lease shall reinstate, continue or extend the Term of this Improvements Lease and no extension of this Improvements Lease after the termination thereof shall be valid unless and until the same shall be reduced to writing and signed by both BNPLC and Extreme.

22. Independent Obligations Evidenced by the Other Operative Documents. Extreme acknowledges and agrees that nothing contained in this Improvements Lease shall limit, modify or otherwise affect any of Extreme's obligations under the other Operative Documents, which obligations are intended to be separate, independent and in addition to, and not in lieu of, the obligations set forth herein. In the event of any inconsistency between the express terms and provisions of the Purchase Documents and the express terms and provisions of this Improvements Lease, the express terms and provisions of the Purchase Documents shall control. In the event of any inconsistency between the express terms and provisions of the Closing Certificate and the express terms and provisions of this Improvements Lease, the express terms and provisions of this Improvements Lease shall control; provided, nothing herein will limit or impair Extreme's obligations under the Closing Certificate following any expiration of termination of this Improvements Lease.

[The signature pages follow.]

[Improvements]

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IN WITNESS WHEREOF, Extreme and BNPLC have caused this Lease Agreement (Improvements) to be executed as of June 1, 2000.

"Extreme"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[Continuation of signature pages to Lease Agreement (Improvements) dated to be effective June 1, 2000]

"BNPLC"

BNP LEASING CORPORATION

By: _____
Lloyd G. Cox, Vice President

Exhibit A

Legal Description

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

Exhibit B

Insurance Requirements

I. LIABILITY INSURANCE:

A. Extreme must maintain commercial general liability ("CGL") insurance on an occurrence basis, affording immediate protection to the limit of not less than \$20,000,000 combined single limit for bodily and personal injury, death and property damage in respect of any one occurrence. The CGL insurance must be primary to, and shall receive no contribution from, any insurance policies or self-insurance programs otherwise afforded to or available to the Interested Parties, collectively or individually. Further, the CGL insurance must include blanket contractual liability coverage which insures contractual liability under the indemnifications set forth in this Improvements Lease (though such coverage or the amount thereof shall in no way limit such indemnifications).

B. Any deductible or self-insured retention applicable to the CGL insurance shall not exceed \$500,000.

C. The forms of insurance policies (including endorsements) used to provide the CGL insurance required by this Improvements Lease, and the insurance company or companies providing the CGL insurance, must be acceptable to BNPLC. BNPLC shall have the right from time to time and at any time to review and approve such policy forms (including endorsements) and the insurance company or

companies providing the insurance. Without limiting the generality of the foregoing, BNPLC may reasonably require (and unless and until Extreme is otherwise notified by BNPLC, BNPLC does require) that such insurance be provided under forms and by companies consistent with the following:

- (1) Forms: CGL Insurance must be provided on Insurance Services

Office ("ISO") forms CG 0001 1093 or CG 0001 0196 or equivalent substitute forms providing the same or greater coverage.
- (2) Rating Requirements: Insurance must be provided through insurance

or reinsurance companies rated by the A.M. Best Company of Oldwick, New Jersey as having a policyholder's rating of A or better and a reported financial information rating of X or better.
- (3) Required Endorsements: CGL Insurance must be endorsed to provide

or include:
 - (a) ISO additional insured form CG 2026 1185 or equivalent substitute form, without modification (and under the commercial umbrella, if any), designating as additional insureds "BNPLC and other Interested Parties, as defined in the Common Definitions and Provisions Agreement (Improvements) between Extreme Networks, Inc. and BNP Leasing Corporation dated June 1, 2000"; and
 - (b) provisions entitling BNPLC to 30 days' notice from the insurer prior to any cancellation to the CGL coverage.
- (4) Other Insurance: Each policy to contain standard CGL "other

insurance" wording, unmodified in any way that would make it excess over or contributory with the additional insured's own commercial general liability coverage.

[Improvements]

II. PROPERTY INSURANCE:

A. Extreme must maintain property insurance in "special form" (including theft) or against "all risks," providing the broadest available coverage for all Improvements (as defined in the Common Provisions and Definitions Agreement) and equipment included in the Property, on a blanket basis if multiple buildings are involved, with no exclusions for vandalism, malicious mischief, or sprinkler leakage and all coverage perils normally included within the definitions of extended coverage, vandalism, malicious mischief and, if the Property is in a flood zone, flood. In addition, boiler and machinery coverage must be maintained at all times by endorsement to the property insurance policy or by separate policy.

B. The property insurance required hereby must provide coverage in the amount no less than replacement value (exclusive of land, foundation, footings, excavations and grading) with endorsements for contingent liability from operation of building laws, increased cost of construction and demolition costs which may be necessary to comply with building laws. Subject to the approval of BNPLC, Extreme will be responsible for determining the amount of property insurance to be maintained from time to time, but Extreme must maintain such coverage on an agreed value basis to eliminate the effects of coinsurance.

C. Any deductible or self-insured retention applicable to the property insurance shall not exceed \$500,000.

D. The property insurance shall cover not only the value of Extreme's interest in the Improvements, but also the interest of BNPLC, with BNPLC shown as an insured as its interests may appear.

E. The forms of insurance policies (including endorsements) used to provide the property insurance required by this Improvements Lease, and the insurance company or companies providing the property insurance, must be

acceptable to BNPLC. BNPLC shall have the right from time to time and at any time to review and approve such policy forms (including endorsements) and the insurance company or companies providing such insurance. Without limiting the generality of the foregoing, BNPLC may reasonably require (and unless and until Extreme is otherwise notified by BNPLC, BNPLC does require) that such insurance be provided under forms and by companies consistent with the following:

(1) Rating Requirements: Insurance to be provided through insurance

or reinsurance companies rated by the A.M. Best Company of Oldwick, New Jersey as having (a) a policyholder's rating of A or better, (b) a reported financial information rating of no less than X, and (c) in the case of each insurance or reinsurance company, a reported financial information rating which indicates an adjusted policyholders' surplus equal to or greater than the underwriting exposure that such company has under the insurance or reinsurance it is providing for the Property.

(2) Required Endorsements: Extreme's property insurance must be

endorsed to provide or include:

- (a) a waiver of subrogation in favor of "BNPLC and other Interested Parties, as defined in the Common Definitions and Provisions Agreement (Improvements) between Extreme Networks, Inc. and BNP Leasing Corporation dated June 1, 2000";
- (b) that Extreme's insurance is primary, with any policies of BNPLC or other Interested Parties being excess, secondary and noncontributing;
- (c) that the protection afforded to BNPLC by such insurance shall not be reduced or impaired by acts or omissions of Extreme or any other beneficiary or insured; and

Exhibit B - Page 2

[Improvements]

- (d) that BNPLC must be notified at least thirty days prior to any cancellation of insurance coverage.

III. OTHER INSURANCE RELATED REQUIREMENTS:

A. BNPLC must be notified in writing immediately by Extreme of claims against Extreme that might cause a reduction below seventy-five percent (75%) of any aggregate limit of any policy.

B. Extreme's property insurance must be evidenced by ACORD form 27 "Evidence of Property Insurance" completed and interlineated in a manner satisfactory to BNPLC to show compliance with the requirements of this Exhibit. Copies of endorsements to the property insurance must be attached to such form.

C. Extreme's CGL insurance must be evidenced by ACORD form 25 "Certificate of Insurance" completed and interlineated in a manner satisfactory to BNPLC to show compliance with the requirements of this Exhibit. Copies of endorsements to the CGL insurance must be attached to such form.

D. Such evidence of required insurance must be delivered upon execution of this Improvements Lease and new certificate or evidence of insurance must be delivered no later than 10 days prior to expiration of existing policy.

E. Extreme shall not cancel, fail to renew, or make or permit any material reduction in any of the policies or certificates described in this Exhibit without the prior written consent of BNPLC. The certificates (ACORD forms 27 and 25) described in this Exhibit must contain the following express provision:

"This is to certify that the policies of insurance described herein have been issued to the insured Extreme Networks, Inc. for whom this certificate is executed and are in force at this time. In the event of cancellation of coverage affecting the certificate holder, at least thirty days prior

notice shall be given to the certificate holder."

F. The limits of liability under the liability insurance required by this Improvements Lease may be provided by a single policy of insurance or by a combination of primary and umbrella policies, but in no event shall the total limits of liability available for any one occurrence or accident be less than those required by this Exhibit.

G. Extreme shall provide copies, certified as complete and correct by an authorized agent of the applicable insurer, of all insurance policies required by this Exhibit within ten days after receipt of a request for such copies from BNPLC.

Exhibit B - Page 3

[Improvements]

Exhibit C

Notice of LIBOR Period Election

BNP Leasing Corporation
12201 Merit Drive
Suite 860
Dallas, Texas 75251
Attention: Lloyd G. Cox

Re: Lease Agreement (Improvements) and Lease Agreement (Land), both dated as of June 1, 2000, and both between Extreme Networks, Inc., as tenant, and BNP Leasing Corporation, as landlord

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the two Lease Agreements referenced above. This letter constitutes notice to you that the LIBOR Period Election under both of the Lease Agreements shall be:

_____ month(s),

beginning with the first Base Rent Period that commences on or after:

_____, ____.

NOTE: YOU SHALL BE ENTITLED TO DISREGARD THIS NOTICE IF THE NUMBER OF MONTHS

SPECIFIED ABOVE IS NOT A PERMITTED NUMBER UNDER THE DEFINITION OF "LIBOR PERIOD ELECTION" IN THE COMMON DEFINITIONS AND PROVISIONS AGREEMENTS REFERENCED IN THE LEASE AGREEMENTS, OR IF THE DATE SPECIFIED ABOVE CONCERNING THE COMMENCEMENT OF THE LIBOR PERIOD ELECTION IS LESS THAN TEN BUSINESS DAYS AFTER YOUR RECEIPT OF THIS NOTICE. HOWEVER, WE ASK THAT YOU NOTIFY US IMMEDIATELY IF FOR ANY REASON YOU BELIEVE THIS NOTICE IS DEFECTIVE.

Executed this ____ day of _____, 20__.

Extreme Networks, Inc.

Name: _____
Title: _____

[cc all Participants]

[Improvements]

Schedule 1

FINANCIAL COVENANTS

[DRAFTING NOTE: TK WILL MANUALLY SUBSTITUTE THE FINAL SCHEDULE 1 (A SEPARATE

WORD PROCESSING FILE) FOR THIS PAGE IN THE EXECUTION COPIES OF THIS DOCUMENT.]

[Improvements]

PURCHASE AGREEMENT
(LAND)
BETWEEN
BNP LEASING CORPORATION
("BNPLC")
AND
EXTREME NETWORKS, INC.
("Extreme")

June 1, 2000
(Santa Clara, California)

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[Land]

Exhibits and Schedules

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Exhibit B.....	Requirements Re: Form of Grant Deed and Ground Lease

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Exhibit D.....	Acknowledgment and Disclaimer

Exhibit E.....	Secretary's Certificate

Exhibit F.....	Certificate Concerning Tax Withholding

[Land]

PURCHASE AGREEMENT
(LAND)

This PURCHASE AGREEMENT (LAND) (this "Agreement") is made and dated as of June 1, 2000 (the "Effective Date") by and between BNP LEASING CORPORATION, a Delaware corporation ("BNPLC"), and EXTREME NETWORKS, INC., a California corporation ("Extreme").

RECITALS

Contemporaneously with the execution of this Agreement, BNPLC and Extreme are executing a Common Definitions and Provisions Agreement (Land) dated as of the Effective Date (the "Common Definitions and Provisions Agreement (Land)"), which by this reference is incorporated into and made a part of this Agreement for all purposes. As used in this Agreement, capitalized terms defined in the Common Definitions and Provisions Agreement (Land) and not otherwise defined in this Agreement are intended to have the respective meanings assigned to them in the Common Definitions and Provisions Agreement (Land).

Pursuant to the Acquisition Contract, which covers the Land described in Exhibit A, BNPLC is acquiring the Land and any appurtenances thereto and the ----- existing Improvements thereon from Seller contemporaneously with the execution of this Agreement. Pursuant to the Lease Agreement (Land) executed by BNPLC and Extreme contemporaneously with this Agreement (the "Land Lease"), BNPLC is leasing the Land to Extreme. (All of BNPLC's interests, including those created by the documents delivered at the closing under the Acquisition Contract, in the Land and in all other real and personal property from time to time covered by the Land Lease and included within the "Property" as defined therein are hereinafter collectively referred to as the "Property". The Property does not include the Improvements, it being understood that the Other Purchase Agreement constitutes a separate agreement providing for the possible sale of the Improvements and the appurtenances thereto, and only the Improvements and the appurtenances thereto, from BNPLC to Extreme or a third party designated by Extreme.)

Extreme and BNPLC have reached agreement upon the terms and conditions upon which Extreme will purchase or arrange for the purchase of the Property, and by this Agreement they desire to evidence such agreement.

AGREEMENTS

1. Extreme's Options and Obligations on the Designated Sale Date.

(A) Right to Purchase; Initial Remarketing Rights and Obligations.

Whether or not an Event of Default shall have occurred and be continuing or the Land Lease shall have been terminated, but subject to Paragraph 4 below:

(1) Extreme shall have the right (the "Purchase Option") to purchase or cause an Affiliate of Extreme to purchase the Property and BNPLC's interest in Escrowed Proceeds, if any, on the Designated Sale Date for a cash price equal to the Break Even Price (as defined below).

(2) If neither Extreme nor an Affiliate of Extreme purchases the Property and BNPLC's interest in any Escrowed Proceeds on the Designated Sale Date as provided in the preceding

subparagraph 1.(A)(1), then Extreme shall have the following rights and obligations (collectively, "Extreme's Initial Remarketing Rights and Obligations"):

(a) First, Extreme shall have the right (but not the obligation) to cause an Applicable Purchaser who is not an Affiliate of Extreme to purchase the Property and BNPLC's interest in any Escrowed Proceeds on the Designated Sale Date for a cash purchase price (the "Third Party Price") determined as provided below. If, however, the Break Even Price exceeds the sum of any Third Party Price tendered or to be tendered to BNPLC by an Applicable Purchaser and any Supplemental Payment paid by Extreme as described below, then BNPLC may affirmatively elect to decline such tender from the Applicable Purchaser and to keep the Property and any Escrowed Proceeds rather than sell to the Applicable Purchaser pursuant to this subparagraph (a "Voluntary Retention of the Property").

(b) Second, if the Third Party Price actually paid by an Applicable Purchaser to BNPLC on the Designated Sale Date exceeds the Break Even Price, Extreme shall be entitled to such excess, subject, however, to BNPLC's right to offset against such excess any and all sums that are then due from Extreme to BNPLC under the other Operative Documents.

(c) Third, if for any reason whatsoever (including a Voluntary Retention of the Property or a decision by Extreme not to exercise its right to purchase or cause an Applicable Purchaser to purchase from BNPLC as described above) neither Extreme nor an Applicable Purchaser pays a net cash price to BNPLC on the Designated Sale Date equal to or in excess of the Break Even Price in connection with a sale of the Property and BNPLC's interest in any Escrowed Proceeds pursuant to this Agreement, then Extreme shall have the obligation to pay to BNPLC on the Designated Sale Date a supplemental payment (the "Supplemental Payment") equal to the lesser of (1) the amount by which the Break Even Price exceeds such net cash price (if any) actually received by BNPLC on the Designated Sale Date (such excess being hereinafter called a "Deficiency") or (2) the Maximum Remarketing Obligation. As used herein, the "Maximum Remarketing Obligation" means a dollar amount determined in accordance with the following provisions:

1) The "Maximum Remarketing Obligation" will equal the product of (i) Stipulated Loss Value on the Designated Sale Date, times (ii) 100% minus the Residual Risk Percentage, provided that both of the following conditions are satisfied:

(x) Extreme shall not have elected to accelerate the Designated Sale Date as provided in clause (2) of the definition of Designated Sale Date in the Common Definitions and Provisions Agreement (Land).

(y) No Event of Default, other than an Issue 97-1 Non-performance-related Subjective Event of Default, shall occur

on or be continuing on the Designated Sale Date.

- 2) If either of the conditions listed in subparagraph 1) preceding are not satisfied, the "Maximum Remarketing Obligation" will equal the Break Even Price.

If any Supplemental Payment or other amount payable to BNPLC pursuant to this subparagraph 1.(A) is not actually paid to BNPLC on the Designated Sale Date, Extreme shall pay interest on the past due amount computed at the Default Rate from the Designated Sale Date.

[Land]

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(B) Determinations Concerning Price.

- (1) Determination of the Break Even Price. As used herein,

"Break Even Price" means an amount equal, on the Designated Sale Date, to Stipulated Loss Value, plus all out-of-pocket costs and expenses (including

appraisal costs, withholding taxes (if any) not constituting Excluded Taxes, and Attorneys' Fees) incurred by BNPLC in connection with any sale of BNPLC's interests in the Property under this Agreement or in connection with collecting payments due hereunder, but less the aggregate amounts (if any) of Direct

Payments to Participants and Deposit Taker Losses.

- (2) Determination of Third Party Price. The Third Party Price

required of any Applicable Purchaser purchasing from BNPLC under subparagraph 1.(A)(2)(a) will be determined as follows:

(a) Extreme may give a notice (a "Remarketing Notice") to BNPLC and to each of the Participants no earlier than one hundred twenty days before the Designated Sale Date and no later than ninety days before the Designated Sale Date, specifying an amount as the Third Party Price that Extreme believes in good faith to constitute reasonably equivalent value for the Property and any Escrowed Proceeds. Once given, a Remarketing Notice shall not be rescinded or modified without BNPLC's written consent.

(b) If BNPLC believes in good faith that the Third Party Price specified by Extreme in a Remarketing Notice does not constitute reasonably equivalent value for the Property and any Escrowed Proceeds, BNPLC may at any time before sixty days prior to the Designated Sale Date respond to the Remarketing Notice with a notice back to Extreme, objecting to the Third Party Price so specified by Extreme. If BNPLC receives a Remarketing Notice, yet does not respond with an objection as provided in the preceding sentence, the Third Party Price suggested by Extreme in the Remarketing Notice will be the Third Party Price for purposes of this Agreement. If, however, BNPLC does respond with an objection as provided in this subparagraph, and if Extreme and BNPLC do not otherwise agree in writing upon a Third Party Price, then the Third Party Price will be the lesser of (I) fair market value of the Property, plus the amount of any Escrowed Proceeds, as determined by a professional independent appraiser selected by BNPLC, or (II) the Break Even Price.

(c) If for any reason, including an acceleration of the Designated Sale Date as provided in the definition thereof in the Common Definitions and Provisions Agreement (Land), Extreme does not deliver a Remarketing Notice to BNPLC within the time period specified above, then the Third Party Price will be an amount determined in good faith by BNPLC as constituting reasonably equivalent value for the Property and any Escrowed Proceeds, but in no event more than the Break Even Price.

If any payment to BNPLC by an Applicable Purchaser hereunder is held to constitute a preference or a voidable transfer under Applicable Law, or must for any other reason be refunded by BNPLC to the Applicable Purchaser or to another Person, and if such payment to BNPLC reduced or had the effect of reducing a

Supplemental Payment or increased or had the effect of increasing any excess sale proceeds paid to Extreme pursuant to subparagraph 1(A)(2)(b) or pursuant to subparagraph 2.(D), then Extreme shall pay to BNPLC upon demand an amount equal to the reduction of the Supplemental Payment or to the increase of the excess sale proceeds paid to Extreme, as applicable, and this Agreement shall continue to

[Land]

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be effective or shall be reinstated as necessary to permit BNPLC to enforce its right to collect such amount from Extreme.

(C) Designation of the Purchaser. To give BNPLC the opportunity

before the Designated Sale Date to prepare the deed and other documents that BNPLC must tender pursuant to Paragraph 3 (collectively, the "Sale Closing Documents"), Extreme must, by a notice to BNPLC given at least seven days prior to the Designated Sale Date, specify irrevocably, unequivocally and with particularity the party who will purchase the Property in order to satisfy the obligations of Extreme set forth in subparagraph 1(A). If for any reason Extreme

fails to so specify a party who will in accordance with the terms and conditions set forth herein purchase the Property (be it Extreme itself, an Affiliate of Extreme or another Applicable Purchaser), BNPLC shall be entitled to postpone the tender of the Sale Closing Documents until a date after the Designated Sale Date and not more than twenty days after Extreme finally does so specify a party, but such postponement will not relieve or postpone the obligation of Extreme to make a Supplemental Payment on the Designated Sale Date as provided in Paragraph 1.(A)(2)(c).

(D) Effect of the Purchase Option and Extreme's Initial Remarketing

Rights and Obligations on Subsequent Title Encumbrances. Any conveyance of the

Property to Extreme or any Applicable Purchaser pursuant to this Paragraph 1.(A) shall cut off and terminate any interest in the Land or other Property claimed by, through or under BNPLC, including any interest claimed by the Participants and including any Liens Removable by BNPLC (such as, but not limited to, any judgment liens established against the Property because of a judgment rendered against BNPLC and any leasehold or other interests conveyed by BNPLC in the ordinary course of BNPLC's business), but not including personal obligations of Extreme to BNPLC under the Land Lease or other Operative Documents (including obligations arising under the indemnities therein). Anyone accepting or taking any interest in the Property by or through BNPLC after the date of this Agreement shall acquire such interest subject to the Purchase Option and Extreme's Initial Remarketing Rights and Obligations. Further, Extreme and any Applicable Purchaser shall be entitled to pay any payment required by this Agreement for the purchase of the Property directly to BNPLC notwithstanding any prior conveyance or assignment by BNPLC, voluntary or otherwise, of any right or interest in this Agreement or the Property, and neither Extreme nor any Applicable Purchaser shall be responsible for the proper distribution or application of any such payments by BNPLC; and any such payment to BNPLC shall discharge the obligation of Extreme to cause such payment to all Persons claiming an interest in such payment. Contemporaneously with the execution of this Agreement, the parties shall record a memorandum of this Agreement for purposes of effecting constructive notice to all Persons of Extreme's rights under this Agreement, including its rights under this subparagraph.

(E) Security for the Purchase Option and Extreme's Initial

Remarketing Rights and Obligations. To secure BNPLC's obligation to sell the

Property pursuant to Paragraph 1.(A) and to pay any damages to Extreme caused by a breach of such obligations, including any such breach caused by a rejection or termination of this Agreement in any bankruptcy or insolvency proceeding instituted by or against BNPLC, as debtor, BNPLC does hereby grant to Extreme a lien and security interest against all rights, title and interests of BNPLC from time to time in and to the Land and other Property. Extreme may enforce such lien and security interest judicially after any such breach by BNPLC, but not otherwise. Contemporaneously with the execution of this Agreement, Extreme and BNPLC will execute a memorandum of this Agreement which is in recordable form and which specifically references the lien granted in this subparagraph, and

Extreme shall be entitled to record such memorandum at any time prior to the Designated Sale Date.

(F) Delivery of Books and Records If BNPLC Retains the Property.

Unless Extreme or its Affiliate or another Applicable Purchaser purchases the Property pursuant to Paragraph 1.(A), promptly after the Designated Sale Date Extreme shall deliver to BNPLC copies of books and records of Extreme which will be necessary or useful to any future owner's or occupant's use of the Property.

[Land]

4

2. Extreme's Rights and Options after the Designated Sale Date.

(A) Extreme's Extended Right to Remarket. During the two

years following the Designated Sale Date ("Extreme's Extended Remarketing Period"), Extreme shall have the right ("Extreme's Extended Remarketing Right") to cause an Applicable Purchaser who is not an Affiliate of Extreme to purchase the Property for a cash purchase price not below the Minimum Extended Remarketing Price (as defined below). Extreme's Extended Remarketing Right shall, however, be subject to all of the following conditions:

(1) The Property and BNPLC's interest in Escrowed Proceeds, if any, shall not have been sold on the Designated Sale Date as provided in Paragraph 1 or within the thirty days thereafter as provided in subparagraph 4.(B).

(2) No Voluntary Retention occurred as described in subparagraph 1.(A)(2)(a).

(3) Extreme's Extended Remarketing Right shall not have been terminated pursuant to subparagraph 4.(B) below because of Extreme's failure to make any Supplemental Payment required on the Designated Sale Date.

(4) Extreme's Extended Remarketing Right shall not have been terminated by BNPLC pursuant to subparagraph 4.(C) below to facilitate BNPLC's sale of the Property to a third party in accordance with subparagraph 2.(C).

(5) At least thirty days prior to the date upon which BNPLC is to convey the Property to an Applicable Purchaser because of Extreme's exercise of Extreme's Extended Remarketing Right (the "Final Sale Date"), Extreme shall have notified BNPLC of (x) the date proposed by Extreme as the Final Sale Date (which must be a Business Day), (y) the full legal name of the Applicable Purchaser and such other information as will be required to prepare the Sale Closing Documents, and (z) the amount of the purchase price that the Applicable Purchaser will pay (consistent with the minimum required pursuant to the other provisions of this subparagraph 2.(A)) for the Property.

(B) Definition of Minimum Extended Remarketing Price. As

used herein, the "Minimum Extended Remarketing Price" means, subject to reduction as provided in subparagraph 2.(C) below, an amount equal to the sum of the following:

(1) the amount by which the Break Even Price computed on the Designated Sale Date exceeds any Supplemental Payment actually paid to BNPLC on the Designated Sale Date, together with interest on such excess computed at the Default Rate from the period commencing on the Designated Sale Date and ending on the Final Sale Date, plus

(2) all out-of-pocket costs and expenses (including withholding taxes [if any], other than Excluded Taxes, and Attorneys' Fees) incurred by BNPLC in connection with the sale to the Applicable Purchaser, to the extent not already included in the computation of Break Even Price, and plus

(3) the sum of all Impositions, insurance premiums and other Losses of every kind suffered or incurred by BNPLC or any other Interested Party with respect to the ownership, operation or maintenance of the Property on or after the Designated Sale Date, together with interest on such Impositions, insurance premiums and other Losses computed at the Default Rate from the date paid or incurred to the Final Sale Date.

[Land]

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If, however, Losses described in the preceding clause (3) consist of claims against BNPLC or another Interested Party that have not been liquidated prior to the Final Sale Date (and, thus, such Losses have yet to be fixed in amount as of the Final Sale Date), then Extreme may elect to exclude any such Losses from the computation of the Minimum Extended Remarketing Price by providing to BNPLC, for the benefit of BNPLC and other Interested Parties, a written agreement to indemnify and defend BNPLC and other Interested Parties against such Losses. To be effective hereunder for purposes of reducing the Minimum Extended Remarketing Price (and, thus, the Break Even Price), any such written indemnity must be fully executed and delivered by Extreme on or prior to the Final Sale Date, must include provisions comparable to subparagraphs 5(c)(ii), (iii), (iv) and (v) of

the Land Lease and otherwise must be in form and substance satisfactory to BNPLC.

(C) BNPLC's Right to Sell. After the Designated Sale Date, if the

Property has not already been sold by BNPLC pursuant to Paragraph 1 or this Paragraph 2, BNPLC shall have the right to sell the Property or offer the Property for sale to any third party on any terms believed to be appropriate by BNPLC in its sole good faith business judgment; provided, however, that so long as the conditions to Extreme's Extended Remarketing Rights specified in subparagraph 2.(A) continue to be satisfied:

(1) BNPLC shall not sell the Property to an Affiliate of BNPLC on terms less favorable than those which BNPLC would require from a prospective purchaser not an Affiliate of BNPLC;

(2) If BNPLC receives or desires to make a written proposal (whether in the form of a "letter of intent" or other nonbinding expression of interest or in the form of a more definitive purchase and sale agreement) for a sale of the Property to a prospective purchaser (a "Third Party Sale Proposal"), and if on the basis of such Third Party Sale Proposal BNPLC expects to enter into or to pursue negotiations for a definitive purchase and sale agreement with the prospective purchaser, then prior to executing any such definitive agreement, BNPLC shall submit the Third Party Sale Proposal to Extreme with a notice (the "Third Party Sale Notice") explaining that (A) BNPLC is then prepared to accept a price not below an amount specified in such Third Party Sale Notice (the "Third Party Target Price") if BNPLC and the prospective purchaser reach agreement on other terms and conditions to be incorporated into a definitive purchase and sale agreement, and (B) Extreme's Extended Remarketing Right may be terminated pursuant to subparagraph 4.(C) of this Agreement unless Extreme causes an Applicable Purchaser to consummate a purchase of the Property pursuant to this Paragraph 2 within ninety days after the date of such Third Party Sale Notice.

For a period of ninety days (but only ninety days) after the date of any Third Party Sale Notice, the Minimum Extended Remarketing Price shall be limited in amount so that it does not exceed the Third Party Target Price specified by BNPLC therein. Accordingly, if BNPLC has delivered a Third Party Sale Notice specifying a Third Party Target Price below the Minimum Extended Remarketing Price calculated as provided in subparagraph 2.(B) within the ninety days prior to the Final Sale Date for any sale to an Applicable Purchaser by BNPLC pursuant to this Paragraph 2, then the Minimum Extended Remarketing Price applicable to such sale shall be reduced to the amount of the Third Party Target Price so specified. Such a reduction, however, will apply only to a sale to an Applicable Purchaser actually consummated within the ninety days after the date of the applicable Third Party Sale Notice.

(D) Extreme's Right to Excess Sales Proceeds. If the cash price

actually paid by any third party purchasing the Property from BNPLC during Extreme's Extended Remarketing Period, including any price paid by an Applicable Purchaser purchasing from BNPLC pursuant to this Paragraph 2, exceeds the Minimum Extended Remarketing Price (calculated as provided in subparagraph 2.(B), without reduction pursuant to

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subparagraph 2.(C)), then Extreme shall be entitled to the excess; provided, that BNPLC may offset and retain from the excess any and all sums that are then due and unpaid from Extreme to BNPLC under any of the Operative Documents.

(E) Permitted Transfers During Extreme's Extended Remarketing Period.

Any "Permitted Transfer" described in clause (6) of the definition thereof in

the Common Definitions and Provisions Agreement (Land) to an Affiliate of BNPLC or that covers BNPLC's entire interest in the Land will be subject to Extreme's Extended Remarketing Right if, at the time of the Permitted Transfer, Extreme's Extended Remarketing Right has not expired or been terminated as provided herein. Any other Permitted Transfer described in clause (6) of the definition thereof, however, will not be subject to Extreme's Extended Remarketing Right. Thus, for example, BNPLC's conveyance of a utility easement or space lease more than thirty days after the Designated Sale Date to a Person not an Affiliate of BNPLC shall not be subject to Extreme's Extended Remarketing Right, though following the conveyance of the lesser estate, Extreme's Extended Remarketing Right may continue to apply to BNPLC's remaining interest in the Land and any Personal Property.

3 Terms of Conveyance Upon Purchase. As necessary to consummate any sale of the Property to Extreme or an Applicable Purchaser pursuant to this Agreement, BNPLC must, subject to any postponement permitted by subparagraph 1.(C), promptly after the tender of the purchase price and any other payments to BNPLC required pursuant to Paragraph 1 or Paragraph 2, as applicable, convey all of BNPLC's right, title and interest in the Land and other Property to Extreme or the Applicable Purchaser, as the case may be, by BNPLC's execution, acknowledgment (where appropriate) and delivery of the Sale Closing Documents. Such conveyance by BNPLC will be subject only to the Permitted Encumbrances and any other encumbrances that do not constitute Liens Removable by BNPLC. However, such conveyance shall not include the rights of BNPLC or other Interested Parties under the indemnities provided in the Operative Documents, including rights to any payments then due from Extreme under the indemnities or that may become due thereafter because of any expense or liability incurred by BNPLC or another Interested Party resulting in whole or in part from events or circumstances occurring or alleged to have occurred before such conveyance. All costs, both foreseen and unforeseen, of any purchase by Extreme or an Applicable Purchaser hereunder shall be the responsibility of the purchaser. The Sale Closing Documents used to accomplish such conveyance shall consist of the following: (1) a Corporation Grant Deed in the form attached as Exhibit B-1 or

Exhibit B-2 or Exhibit B-4, as required by Exhibit B, (2) if required by Exhibit

B, a Ground Lease in the form attached as Exhibit B-3, which Extreme or the

Applicable Purchase must execute and return to BNPLC, (3) a Bill of Sale and Assignment in the form attached as Exhibit C, (4) an Acknowledgment of

Disclaimer of Representations and Warranties, in the form attached as Exhibit D,

which Extreme or the Applicable Purchaser must execute and return to BNPLC, (5) a Secretary's Certificate in the form attached as Exhibit E, and (6) a

certificate concerning tax withholding in the form attached as Exhibit F. If for

any reason BNPLC fails to tender the Sale Closing Documents as required by this Paragraph 3, BNPLC may cure such refusal at any time before thirty days after receipt of a demand for such cure from Extreme.

4 Survival and Termination of the Rights and Obligations of Extreme and Bnplc.

(A) Status of this Agreement Generally. Except as expressly provided

herein, this Agreement shall not terminate; nor shall Extreme have any right to terminate this Agreement; nor shall Extreme be entitled to any reduction of the Break Even Price, any Deficiency, the Maximum Remarketing Obligation, any Supplemental Payment or the Minimum Extended Remarketing Price hereunder; nor shall the obligations of Extreme to BNPLC under Paragraph 1 be affected, by reason of (i) any damage to or the destruction of all or any part of the Property from whatever cause (though it is understood that Extreme will receive any remaining Escrowed Proceeds yet to be applied as provided in the Land Lease that may result from such damage if Extreme purchases the Property and the Escrowed Proceeds as herein provided), (ii) the taking of or damage to the Property or any portion thereof by eminent domain or otherwise for any reason (though it is understood that Extreme will receive any remaining

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Escrowed Proceeds yet to be applied as provided in the Land Lease that may result from such taking or damage if Extreme purchases the Property and the Escrowed Proceeds as herein provided), (iii) the prohibition, limitation or restriction of Extreme's use of all or any portion of the Property or any interference with such use by governmental action or otherwise, (iv) any eviction of Extreme or any party claiming under Extreme by paramount title or otherwise, (v) Extreme's prior acquisition or ownership of any interest in the Property, (vi) any default on the part of BNPLC under this Agreement, the Land Lease or any other agreement to which BNPLC is a party, or (vii) any other cause, whether similar or dissimilar to the foregoing, any existing or future law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Extreme hereunder (including the obligation to make any Supplemental Payment as provided in Paragraph 1) shall be separate and independent covenants and agreements from BNPLC's obligations under this Agreement or any other agreement between BNPLC and Extreme; provided, however, that nothing in this subparagraph shall excuse BNPLC from its obligation to tender the Sale Closing Documents in substantially the form attached hereto as exhibits when required by Paragraph 3. Further, nothing in this subparagraph shall be construed as a waiver by Extreme of any right Extreme may have at law or in equity to the following remedies, whether because of BNPLC's failure to remove a Lien Removable by BNPLC or because of any other default by BNPLC under this Agreement: (i) the recovery of monetary damages, (ii) injunctive relief in case of the violation, or attempted or threatened violation, by BNPLC of any of the express covenants, agreements, conditions or provisions of this Agreement which are binding upon BNPLC, or (iii) a decree compelling performance by BNPLC of any of the express covenants, agreements, conditions or provisions of this Agreement which are binding upon BNPLC.

(B) Automatic Termination of Extreme's Rights. Without limiting

BNPLC's right to enforce Extreme's obligation to pay any Supplemental Payment or other amounts required by this Agreement, the rights of Extreme (to be distinguished from the obligations of Extreme) included in Extreme's Initial Remarketing Rights and Obligations, the Purchase Option and Extreme's Extended Remarketing Rights shall all terminate automatically if Extreme shall fail to pay the full amount of any Supplemental Payment required by subparagraph 1.(A)(2)(c) on the Designated Sale Date or if BNPLC shall elect a Voluntary Retention of the Property as provided in subparagraph 1.(A)(2)(a). Notwithstanding anything in this subparagraph to the contrary, however, even after a failure to pay any required Supplemental Payment on the Designated Sale Date, Extreme may nonetheless tender to BNPLC the full Break Even Price and all amounts then due under the Operative Documents, together with interest on the total Break Even Price computed at the Default Rate from the Designated Sale Date to the date of tender, on any Business Day within thirty days after the Designated Sale Date, and if presented with such a tender within thirty days after the Designated Sale Date, BNPLC must accept it and promptly thereafter deliver any Escrowed Proceeds and the Sale Closing Documents listed in Paragraph 3 to Extreme.

(C) Termination of Extreme's Extended Remarketing Rights to Permit a

Sale by BNPLC. At any time more than ninety days after BNPLC has delivered a

Third Party Sale Notice to Extreme as described in subparagraph 2.(C)(2), BNPLC may terminate Extreme's Extended Remarketing Rights contemporaneously with the

consummation of a sale of the Property by BNPLC to any third party (be it the prospective purchaser named in the Third Party Sale Notice or another third party) at a price equal to or in excess of the Third Party Target Price specified in the Third Party Sale Notice, so as to permit the sale of the Property unencumbered by Extreme's Extended Remarketing Rights.

(D) Payment Only to BNPLC. All amounts payable under this Agreement

by Extreme and, if applicable, by an Applicable Purchaser must be paid directly to BNPLC, and no payment to any other party shall be effective for the purposes of this Agreement. In addition to the payments required under subparagraph 1.(A), on the Designated Sale Date Extreme must pay all amounts then due to BNPLC under the Land Lease or other Operative Documents. This subparagraph shall not, however, be construed to limit Extreme's right to require the deduction of Direct Payments to Participants and Deposit Taker Losses in the calculation of the Break Even Price as provided in subparagraph 1.(B)(1).

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(E) Remedies Under the Other Operative Documents. No repossession of

or re-entering upon the Property or exercise of any other remedies available to BNPLC under the Land Lease or other Operative Documents shall terminate Extreme's rights or obligations hereunder, all of which shall survive BNPLC's exercise of remedies under the other Operative Documents. Extreme acknowledges that the consideration for this Agreement is separate and independent of the consideration for the Land Lease and the Closing Certificate, and Extreme's obligations hereunder shall not be affected or impaired by any event or circumstance that would excuse Extreme from performance of its obligations under such other Operative Documents.

(F) Occupancy by Extreme Prior to Closing of a Sale. Prior to the

closing of any sale of the Property to Extreme or an Applicable Purchaser hereunder, Extreme's occupancy of the Land and its use of the Property shall continue to be subject to the terms and conditions of the Land Lease, including the terms setting forth Extreme's obligation to pay rent, prior to any termination or expiration of the Land Lease pursuant to its express terms and conditions.

5 Security for Extreme's Obligations; Return of Funds. Extreme's obligations under this Agreement are secured by the Pledge Agreement, reference to which is hereby made for a description of the Collateral covered thereby and the rights and remedies provided to BNPLC thereby. Although the collateral agent appointed for BNPLC as provided in the Pledge Agreement shall be entitled to hold all Collateral as security for the full and faithful performance by Extreme of Extreme's covenants and obligations under this Agreement, the Collateral shall not be considered an advance payment of the Break Even Price or any Supplemental Payment or a measure of BNPLC's damages should Extreme breach this Agreement. If Extreme does breach this Agreement and fails to cure the same within any time specified herein for the cure, BNPLC may, from time to time, without prejudice to any other remedy and without notice to Extreme, require the collateral agent to immediately apply the proceeds of any disposition of the Collateral (and any cash included in the Collateral) to amounts then due hereunder from Extreme. If by a Permitted Transfer BNPLC conveys its interest in the Property before the Designated Sale Date, BNPLC may also assign BNPLC's interest in the Collateral to the transferee. BNPLC shall be entitled to return any Collateral not sold or used to satisfy the obligations secured by the Pledge Agreement directly to Extreme notwithstanding any prior actual or attempted conveyance or assignment by Extreme, voluntary or otherwise, of any right to receive the same; neither BNPLC nor the collateral agent named in the Pledge Agreement shall be responsible for the proper distribution or application by Extreme of any such Collateral returned to Extreme; and any such return of Collateral to Extreme shall discharge any obligation of BNPLC to deliver such Collateral to all Persons claiming an interest in the Collateral. Further, BNPLC shall be entitled to deliver any Escrowed Proceeds it holds on the Designated Sale Date directly to Extreme or to any Applicable Purchaser purchasing BNPLC's interest in the Property and the Escrowed Proceeds pursuant to this Agreement notwithstanding any prior actual or attempted conveyance or assignment by Extreme, voluntary or otherwise, of any right to receive the same; BNPLC shall not be responsible for the proper distribution or application by Extreme or any Applicable Purchaser of any such Escrowed Proceeds paid over to Extreme or the Applicable Purchaser; and any such payment of Escrowed Proceeds to Extreme or an Applicable Purchaser shall discharge any obligation of BNPLC to deliver the same

to all Persons claiming an interest therein.

6 Certain Remedies Cumulative. No right or remedy herein conferred upon or reserved to BNPLC is intended to be exclusive of any other right or remedy BNPLC has with respect to the Property, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute. In addition to other remedies available under this Agreement, either party shall be entitled, to the extent permitted by applicable law, to a decree compelling performance of any of the other party's agreements hereunder.

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7 Attorneys' Fees and Legal Expenses. If either party to this Agreement commences any legal action or other proceeding to enforce any of the terms of this Agreement, or because of any breach by the other party or dispute hereunder, the party prevailing in such action or proceeding shall be entitled to recover from the other party all Attorneys' Fees incurred in connection therewith, whether or not such controversy, claim or dispute is prosecuted to a final judgment. Any such Attorneys' Fees incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from such judgment, and the obligation for such Attorneys' Fees is intended to be severable from other provisions of this Agreement and not to be merged into any such judgment.

8 Estoppel Certificate. Upon request by BNPLC, Extreme shall execute, acknowledge and deliver a written statement certifying that this Agreement is unmodified and in full effect (or, if there have been modifications, that this Agreement is in full effect as modified, and setting forth such modification) and either stating that no default exists hereunder or specifying each such default of which Extreme has knowledge. Any such statement may be relied upon by any Participant or prospective purchaser or assignee of BNPLC with respect to the Property.

9 Successors and Assigns. The terms, provisions, covenants and conditions hereof shall be binding upon Extreme and BNPLC and their respective permitted successors and assigns and shall inure to the benefit of Extreme and BNPLC and all permitted transferees, mortgagees, successors and assignees of Extreme and BNPLC with respect to the Property; provided, that (A) the rights of BNPLC hereunder shall not pass to Extreme or any Applicable Purchaser or any subsequent owner claiming through Extreme or an Applicable Purchaser, (B) BNPLC shall not assign this Agreement or any rights hereunder except pursuant to a Permitted Transfer, and (C) Extreme shall not assign this Agreement or any rights hereunder without the prior written consent of BNPLC.

[Signature pages follow.]

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IN WITNESS WHEREOF, Extreme and BNPLC have caused this Agreement to be executed as of June 1, 2000.

"Extreme"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[Continuation of signature pages to Purchase Agreement (Land) dated to be effective June 1, 2000]

"BNPLC"

BNP LEASING CORPORATION

By: _____
Lloyd G. Cox, Vice President

Exhibit A

LEGAL DESCRIPTION

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

[Land]

Exhibit B

Requirements Re: Form of Grant Deed and Ground Lease

The form of deed to be used to convey BNPLC's interest in the Land to Extreme or an Applicable Purchaser will depend upon whether BNPLC's interest in the Improvements has been or is being conveyed at the same time to the same party.

If BNPLC's interests in both the Land and the Improvements are to be conveyed to Extreme or an Applicable Purchaser at the same time, because a sale under this Purchase Agreement and a sale under the Other Purchase Agreement (covering the Improvements) are being consummated at the same time and to the same party, then the one deed in form attached as Exhibit B-1 will be used to convey both.

If, however, a sale of BNPLC's interest in the Improvements pursuant to the Other Purchase Agreement has not been consummated before, and is not being consummated contemporaneously with the sale of BNPLC's interest in the Land under this Agreement, then BNPLC's interest in the Land will be conveyed by a deed in the form attached as Exhibit B-2, and BNPLC and the grantee under such

deed shall, as a condition to BNPLC's obligation to deliver the deed, execute and deliver a Ground Lease covering the Land in the form attached hereto as Exhibit B-3.

Finally, BNPLC's interest in the Land will be conveyed by a deed in the form attached as Exhibit B-4 if BNPLC's interest in the Improvements has been sold pursuant to the Other Purchase Agreement before a sale of BNPLC's interest in the Land under this Agreement, or if BNPLC's interest in the Improvements is being sold contemporaneously with a sale of BNPLC's interest in the Land, but the purchaser of the Improvements is not the same as the purchaser of the Land.

[Land]

Exhibit B-1

CORPORATION GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NAME:[Extreme or the Applicable Purchaser]
 ADDRESS: _____
 ATTN: _____
 CITY: _____
 STATE: _____
 Zip: _____

MAIL TAX STATEMENTS TO:

NAME:[Extreme or the Applicable Purchaser]
 ADDRESS: _____
 ATTN: _____
 CITY: _____
 STATE: _____
 Zip: _____

CORPORATION GRANT DEED
 (Covering Land and Improvements)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, BNP LEASING CORPORATION, a Delaware corporation ("Grantor"), hereby grants to [Extreme or the Applicable Purchaser] ("Grantee") all of Grantor's interest in the land situated in Santa Clara, California, described on Annex A attached hereto and hereby made a part hereof and all improvements on such land, together with the any other right, title and interest of Grantor in and to any easements, rights-of-way, privileges and other rights appurtenant to such land or the improvements thereon; provided, however, that this grant is subject to the encumbrances described on Annex B (the "Permitted Encumbrances"). Grantee hereby assumes the obligations (including any personal obligations) of Grantor, if any, created by or under, and agrees to be bound by the terms and conditions of, the Permitted Encumbrances to the extent that the same concern or apply to the land or improvements conveyed by this deed.

[Land]

BNP LEASING CORPORATING

Date: As of _____

By: _____
 Its: _____

Attest: _____
 Its: _____

[Extreme or Applicable Purchaser]

Date: As of _____

By: _____
 Its: _____

Attest: _____
 Its: _____

STATE OF _____)
) SS
 COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[Land]

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[Land] Exhibit B-1 - Page 3

Annex A

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING NOTE" WILL BE DELETED BEFORE THE DEED TO WHICH THIS DESCRIPTION IS ATTACHED IS ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

[Land] Exhibit B-1 - Page 4

Annex B

Permitted Encumbrances

[DRAFTING NOTE: TO THE EXTENT THAT ENCUMBRANCES (OTHER THAN "LIENS REMOVABLE BY

BNPLC") ARE IDENTIFIED IN ADDITION TO THOSE DESCRIBED BELOW, SUCH ADDITIONAL ENCUMBRANCES WILL BE ADDED TO THE LIST BELOW AND THIS "DRAFTING NOTE" WILL BE DELETED BEFORE THIS DEED IS ACTUALLY EXECUTED AND DELIVERED BY BNPLC. SUCH ADDITIONAL ENCUMBRANCES WOULD INCLUDE ANY NEW ENCUMBRANCES APPROVED BY BNPLC AS "PERMITTED ENCUMBRANCES" UNDER THE LAND LEASE OR THE OTHER LEASE AGREEMENT FROM TIME TO TIME OR BECAUSE OF EXTREME'S REQUEST FOR BNPLC'S CONSENT OR APPROVAL TO AN ADJUSTMENT.]

This conveyance is subject to all encumbrances not constituting a "Lien Removable by BNPLC" (as defined in the Common Definitions and Provisions Agreement (Land) incorporated by reference into the Lease Agreement (Land) referenced in the last item of the list below), including the following matters

to the extent the same are still valid and in force:

1. TAXES for the fiscal year 2000-2001, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, (commencing with Section 75) to the Revenue and Taxation Code of the State of California.
3. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara
For: electric wire overhang purposes
Recorded: November 28, 1960 in Book 4995, Page 160, Official Records
Affects: Northerly 5 feet of said land, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000
4. The fact that the ownership of said land does not include any right of ingress or egress to or from Lawrence Expressway contiguous thereto, said right having been relinquished by deed,
From: Jefferson Union Elementary School District of the County of Santa Clara
To: County of Santa Clara, State of California
Recorded: June 4, 1965 in Book 6982, Page 1, Official Records

Said land, however, abuts on a public street other than the one referred to above, over which rights of vehicular access have not been relinquished.

5. An Agreement, affecting said land, for the purposes stated herein and subject to the terms, covenants, conditions, restrictions, and easements, if any, contained therein
For: Postponed Traffic Signal Improvements
Dated: October 4, 1983
Executed by: City of Santa Clara, California, a municipal corporation and MPJ, a California partnership
Recorded: November 16, 1983 in Book I 070, Page 333, Official Records.
6. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: roadway purposes and public utilities
Recorded: November 30, 1983 in Book I 111, Page 606, Official Records
Affects: A portion of that certain 24.740 acre parcel of land as shown on that certain Record of Survey filed for record in Book 447 of Maps, at page 33, Santa Clara County Records, described as

[Land] Exhibit B-1 - Page 5

follows:

Beginning at a point in the Northerly line of Monroe Avenue, as shown on said map at the Westerly terminus of the course shown as N. 89 degrees 25 minutes 00 seconds E. 760.70; thence from said point of beginning along said Northerly line N. 89 degrees 25 minutes 00 seconds E. 760.70 feet and N. 2.00 feet; thence leaving said Northerly line along a line parallel with said course of N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 334.99 feet; thence leaving said parallel line N. 87 degrees 09 minutes 00 seconds W. 66.79 feet; thence along a line parallel with said course N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 359.00 feet; thence leaving said Westerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to a point of cusp in the Westerly line of said 24.740 acre parcel; thence along said Westerly line S. 0 degrees 00 minutes 27 seconds E. 6.00 feet; thence leaving said Westerly line along a tangent curve to the left, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to the point of beginning, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

7. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation

For: underground electrical distribution and/or communication systems
Recorded: May 17, 1984 in Book I 552, Page 595, Official Records
Affects. as follows:

Parcel 1:

Commencing at the point of intersection of the Westerly line of that certain 24.74 acre parcel of land shown upon that Record of Survey filed for recorded August 10, 1979 in Book 447 of Maps, at page 33, Santa Clara County Records, with a line parallel with and 10 feet Southerly of, measured at right angles to, the Northerly line of said parcel; thence along said parallel line N. 89 degrees 25 minutes 00 seconds E. 107.00 feet; thence parallel with said Westerly line S. 0 degrees 00 minutes 27 seconds E. 319.16 feet; thence S. 34 degrees 02 minutes 45 seconds W. 87.51 feet, more or less, to intersection with a line parallel with and 58 feet Easterly of measured at right angles to, said Westerly line; thence along last said parallel line S. 0 degrees 00 minutes 27 seconds E. 294.30 feet, more or less, to intersection with a line parallel with and 5 feet Northerly of, measured at right angles to, the Northerly line of that real property conveyed to the City of Santa Clara by that deed filed for record November 30, 1983 in Book I 111 of Official Records, at page 606, said County Records; thence along last said parallel line the following three (3) courses: N. 89 degrees 25 minutes 00 seconds E. 351.81 feet; S. 87 degrees 09 minutes 00 seconds E. 66.79 feet; N. 89 degrees 25 minutes 00 seconds E. 334.69 feet; thence continuing parallel with the Southerly line of first said parcel N. 89 degrees 25 minutes 00 seconds E. 181.89 feet, more or less, to termination in the Easterly line of that certain parcel of real property conveyed to MPJ Partnership, by that Grant Deed filed for record August 25, 1983 in Book H 838 of Official Records, at page 215, said County Records.

Parcel 2:

A portion of said 24.74 acre parcel of land contiguous to and Northerly of said real property conveyed by deed recorded in Book I 111, at page 606, contiguous to and Westerly of hereinabove described strip of land and bounded on the North by a line parallel with and 5 feet Northerly of, measured at right angles to, that course N. 89 degrees 25 minutes 00 seconds E. 351.81 feet in the hereinabove described centerline.

Parcel 3:

[Land] Exhibit B-1 - Page 6

A strip of land 10 feet in width and 30 feet in length of centerline of said strip being parallel with and 325.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet, as the centerline of a strip of land 15 feet in width, to termination of said centerline and strip.

Parcel 4:

A strip of land 10 feet in width and 12 feet in length the centerline of said strip being parallel with and 116.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet in width, lying 5 feet Northerly and 10 feet Southerly of said parallel line to the Easterly terminus of said strip.

Parcel 5:

A strip of land 10 feet in width, the centerline of said strip being described as follows:

Commencing at the point of intersection of the Northerly line of first hereinabove described strip of land with a line parallel with and 824.5 feet Easterly of, measured at right angles to, that course in the Westerly boundary of said 24.75 acre parcel bearing N. 0 degrees 00 minutes 27 seconds W.; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 367.96 feet, more or less, to a line parallel with and 327 feet Southerly of, measured at right angles to, said Northerly line of the 24.74

acre parcel; thence along last said parallel line S. 89 degrees 25 minutes 00 seconds W. 78 feet to a line parallel with and 746.5 feet Easterly of, measured at right angles to, said Westerly line of the 24.74 acre parcel; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 203 feet; thence continuing as the centerline of a strip of land 15 feet in width N. 0 degrees 00 minutes 27 seconds W. 15 feet, more or less, to termination of said strip and centerline in a line parallel with and 109 feet Southerly of, measured at right angles to, last said Northerly line.

Parcel 6:

A 15 foot square parcel of land contiguous to and Southerly of last hereinabove described 10 foot wide strip of land and centered on the Southerly prolongation of hereinabove mentioned course N. 0 degrees 00 minutes 27 seconds W. 203 feet, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

- 8. Lease Agreement (Land) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee, and Lease Agreement (Improvements) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee.

[Land]

Exhibit B-1 - Page 7

Exhibit B-2

CORPORATION GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NAME: [Extreme or the Applicable Purchaser]
ADDRESS: _____
ATTN: _____
CITY: _____
STATE: _____
Zip: _____

MAIL TAX STATEMENTS TO:

NAME: [Extreme or the Applicable Purchaser]
ADDRESS: _____
ATTN: _____
CITY: _____
STATE: _____
Zip: _____

CORPORATION GRANT DEED

(Covering Land but not the Improvements On the Land)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, BNP LEASING CORPORATION, a Delaware corporation ("Grantor"), hereby grants to [Extreme or the Applicable Purchaser] ("Grantee") all of Grantor's interest in the land situated in Santa Clara, California, described on Annex A attached hereto and hereby made a part hereof (the "Land"), together with the any other right, title and interest of Grantor in and to any easements, rights-of-way, privileges and other rights appurtenant to the Land; provided, however, that this grant is subject to the encumbrances described on Annex B (the "Permitted Encumbrances") and any reservations or qualifications set forth below. Grantee hereby assumes the obligations (including any personal obligations) of Grantor, if any, created by or under, and agrees to be bound by the terms and conditions of, the Permitted Encumbrances to the extent that the same concern or apply to the Land.

Although this deed conveys Grantor's interest in the Land itself, this deed does not convey any interest in any buildings or other improvements on the Land (collectively, "Improvements") or any rights or easements appurtenant to Improvements. Grantor retains and reserves all right, title and interest of

Grantor in and to Improvements and any rights and easements appurtenant to Improvements, together with a leasehold estate in and to the Land and any rights and easements appurtenant to the Land, which leasehold estate will permit the construction, maintenance and use of Improvements by Grantor and Grantor's successors and assigns on and subject to the terms and conditions set forth in the Ground Lease dated of even date herewith, executed by Grantee, as lessor, and Grantor, as lessee. Reference is made to such Ground Lease, all the terms and conditions of which are incorporated into this deed as if set forth herein.

[Land]

BNP LEASING CORPORATING

Date: As of _____

By: _____
Its: _____

Attest: _____
Its: _____

[Extreme or Applicable Purchaser]

Date: As of _____

By: _____
Its: _____

Attest: _____
Its: _____

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[Land]

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[Land]

Annex A

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S
CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY
SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING
NOTE" WILL BE DELETED BEFORE THE DEED TO WHICH THIS DESCRIPTION IS ATTACHED IS
ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of
Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain
Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County
Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said
point of beginning along the Northerly line of said 24.470 acre parcel N. 89
degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly
lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the
Southerly line of said 24.740 acre parcel; thence along said Southerly line the
following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00
feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said
Southerly line along a tangent curve to the right, with a radius of 50.00 feet,
through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of
79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence
along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to
the point of beginning.

[Land]

Annex B

Permitted Encumbrances

[DRAFTING NOTE: TO THE EXTENT THAT ENCUMBRANCES (OTHER THAN "LIENS REMOVABLE BY

BNPLC") ARE IDENTIFIED IN ADDITION TO THOSE DESCRIBED BELOW, SUCH ADDITIONAL
ENCUMBRANCES WILL BE ADDED TO THE LIST BELOW AND THIS "DRAFTING NOTE" WILL BE
DELETED BEFORE THIS DEED IS ACTUALLY EXECUTED AND DELIVERED BY BNPLC. SUCH
ADDITIONAL ENCUMBRANCES WOULD INCLUDE ANY NEW ENCUMBRANCES APPROVED BY BNPLC AS
"PERMITTED ENCUMBRANCES" UNDER THE LAND LEASE OR THE OTHER LEASE AGREEMENT FROM
TIME TO TIME OR BECAUSE OF EXTREME'S REQUEST FOR BNPLC'S CONSENT OR APPROVAL TO
AN ADJUSTMENT.]

This conveyance is subject to all encumbrances not constituting a "Lien
Removable by BNPLC" (as defined in the Common Definitions and Provisions
Agreement (Land) incorporated by reference into the Lease Agreement (Land)
referenced in the last item of the list below), including the following matters
to the extent the same are still valid and in force:

1. TAXES for the fiscal year 2000-2001, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions
of Chapter 3.5, (commencing with Section 75) to the Revenue and Taxation
Code of the State of California.
3. An easement affecting the portion of said land and for the purpose stated
herein and incidental purposes,
In Favor Of: City of Santa Clara
For: electric wire overhang purposes
Recorded: November 28, 1960 in Book 4995, Page 160, Official Records
Affects: Northerly 5 feet of said land, and as shown on the survey prepared
by Anthony C. McCants, L.S. 5944, dated April 27, 2000,
revised May 22, 2000

4. The fact that the ownership of said land does not include any right of ingress or egress to or from Lawrence Expressway contiguous thereto, said right having been relinquished by deed,
From: Jefferson Union Elementary School District of the County of Santa Clara
To: County of Santa Clara, State of California
Recorded: June 4, 1965 in Book 6982, Page 1, Official Records

Said land, however, abuts on a public street other than the one referred to above, over which rights of vehicular access have not been relinquished.

5. An Agreement, affecting said land, for the purposes stated herein and subject to the terms, covenants, conditions, restrictions, and easements, if any, contained therein
For: Postponed Traffic Signal Improvements
Dated: October 4, 1983
Executed by: City of Santa Clara, California, a municipal corporation and MPJ, a California partnership
Recorded: November 16, 1983 in Book I 070, Page 333, Official Records.
6. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: roadway purposes and public utilities
Recorded: November 30, 1983 in Book I 111, Page 606, Official Records
Affects: A portion of that certain 24.740 acre parcel of land as shown on that certain Record of Survey filed for record in Book 447 of Maps, at page 33, Santa Clara County Records, described as

[Land]

Exhibit B-2 - Page 5

follows:

Beginning at a point in the Northerly line of Monroe Avenue, as shown on said map at the Westerly terminus of the course shown as N. 89 degrees 25 minutes 00 seconds E. 760.70; thence from said point of beginning along said Northerly line N. 89 degrees 25 minutes 00 seconds E. 760.70 feet and N. 2.00 feet; thence leaving said Northerly line along a line parallel with said course of N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 334.99 feet; thence leaving said parallel line N. 87 degrees 09 minutes 00 seconds W. 66.79 feet; thence along a line parallel with said course N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 359.00 feet; thence leaving said Westerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to a point of cusp in the Westerly line of said 24.740 acre parcel; thence along said Westerly line S. 0 degrees 00 minutes 27 seconds E. 6.00 feet; thence leaving said Westerly line along a tangent curve to the left, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to the point of beginning, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

7. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: underground electrical distribution and/or communication systems
Recorded: May 17, 1984 in Book I 552, Page 595, Official Records
Affects. as follows:

Parcel 1:

Commencing at the point of intersection of the Westerly line of that certain 24.74 acre parcel of land shown upon that Record of Survey filed for recorded August 10, 1979 in Book 447 of Maps, at page 33, Santa Clara County Records, with a line parallel with and 10 feet Southerly of, measured at right angles to, the Northerly line of said parcel; thence along said parallel line N. 89 degrees 25 minutes 00 seconds E. 107.00 feet; thence parallel with said Westerly line S. 0 degrees 00 minutes 27 seconds E. 319.16 feet; thence S. 34 degrees 02 minutes 45 seconds W. 87.51

feet, more or less, to intersection with a line parallel with and 58 feet Easterly of measured at right angles to, said Westerly line; thence along last said parallel line S. 0 degrees 00 minutes 27 seconds E. 294.30 feet, more or less, to intersection with a line parallel with and 5 feet Northerly of, measured at right angles to, the Northerly line of that real property conveyed to the City of Santa Clara by that deed filed for record November 30, 1983 in Book I 111 of Official Records, at page 606, said County Records; thence along last said parallel line the following three (3) courses: N. 89 degrees 25 minutes 00 seconds E. 351.81 feet; S. 87 degrees 09 minutes 00 seconds E. 66.79 feet; N. 89 degrees 25 minutes 00 seconds E. 334.69 feet; thence continuing parallel with the Southerly line of first said parcel N. 89 degrees 25 minutes 00 seconds E. 181.89 feet, more or less, to termination in the Easterly line of that certain parcel of real property conveyed to MPJ Partnership, by that Grant Deed filed for record August 25, 1983 in Book H 838 of Official Records, at page 215, said County Records.

Parcel 2:

A portion of said 24.74 acre parcel of land contiguous to and Northerly of said real property conveyed by deed recorded in Book I 111, at page 606, contiguous to and Westerly of hereinabove described strip of land and bounded on the North by a line parallel with and 5 feet Northerly of, measured at right angles to, that course N. 89 degrees 25 minutes 00 seconds E. 351.81 feet in the hereinabove described centerline.

Parcel 3:

[Land]

Exhibit B-2 - Page 6

A strip of land 10 feet in width and 30 feet in length of centerline of said strip being parallel with and 325.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet, as the centerline of a strip of land 15 feet in width, to termination of said centerline and strip.

Parcel 4:

A strip of land 10 feet in width and 12 feet in length the centerline of said strip being parallel with and 116.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet in width, lying 5 feet Northerly and 10 feet Southerly of said parallel line to the Easterly terminus of said strip.

Parcel 5:

A strip of land 10 feet in width, the centerline of said strip being described as follows:

Commencing at the point of intersection of the Northerly line of first hereinabove described strip of land with a line parallel with and 824.5 feet Easterly of, measured at right angles to, that course in the Westerly boundary of said 24.75 acre parcel bearing N. 0 degrees 00 minutes 27 seconds W.; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 367.96 feet, more or less, to a line parallel with and 327 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel; thence along last said parallel line S. 89 degrees 25 minutes 00 seconds W. 78 feet to a line parallel with and 746.5 feet Easterly of, measured at right angles to, said Westerly line of the 24.74 acre parcel; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 203 feet; thence continuing as the centerline of a strip of land 15 feet in width N. 0 degrees 00 minutes 27 seconds W. 15 feet, more or less, to termination of said strip and centerline in a line parallel with and 109 feet Southerly of, measured at right angles to, last said Northerly line.

Parcel 6:

A 15 foot square parcel of land contiguous to and Southerly of last

hereinabove described 10 foot wide strip of land and centered on the Southerly prolongation of hereinabove mentioned course N. 0 degrees 00 minutes 27 seconds W. 203 feet, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

8. Lease Agreement (Land) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee, and Lease Agreement (Improvements) dated as of June 1, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee.

[Land]

Exhibit B-2 - Page 7

Exhibit B-3

GROUND LEASE

This GROUND LEASE (this "Ground Lease"), by and between BNP LEASING CORPORATION, a Delaware corporation ("BNPLC"), whose address is 12201 Merit Drive, Suite 860, Dallas, Texas 75251, and [Extreme or the Applicable Purchaser], a _____ ("Lessor"), whose address is _____, as of _____, ____ (the "GL Effective Date").

RECITALS

This Ground Lease is being executed pursuant to a Purchase Agreement (Land) dated as of June 1, 2000 (the "Purchase Agreement"), between BNP Leasing Corporation and Extreme Networks, Inc., covering the land described in Annex 1

attached hereto (the "Land"). Incorporated by reference into the Purchase Agreement is a Common Definitions and Provisions Agreement (Land) dated as of the effective date of the Purchase Agreement (the "CDPA"), between BNP Leasing Corporation and Extreme Networks, Inc. The CDPA is hereby incorporated into and made a part of this Ground Lease for all purposes. Capitalized terms defined in the CDPA and used but not otherwise defined herein are intended in this Ground Lease to have the respective meanings ascribed to them in the CDPA. The provisions in Article II of the CDPA are intended to apply to this Ground Lease as if set forth herein and as if this Ground Lease were one of the "Operative Documents" as defined therein.

Lessor and BNPLC have reached agreement as to the terms and conditions upon which Lessor is willing to lease the Land described in Annex 1 to BNPLC for a term of approximately just less than 35 years, and by this Ground Lease Lessor and BNPLC desire to evidence such agreement.

GRANTING CLAUSES

NOW, THEREFORE, in consideration of the rent to be paid and the covenants and agreements to be performed by BNPLC, as hereinafter set forth, Lessor does hereby LEASE, DEMISE and LET unto BNPLC for the term hereinafter set forth the Land, together with:

(1 all easements and rights-of-way now owned or hereafter acquired by Lessor for use in connection with the Land or as a means of access thereto; and

(2 all right, title and interest of Lessor, now owned or hereafter acquired, in and to (A) any land lying within the right-of-way of any street, open or proposed, adjoining the Land, (B) any and all sidewalks and alleys adjacent to the Land and (C) any strips and gores between the Land and any abutting land not owned by Lessor.

The Land and all of the property described in the preceding clauses (1) and (2) are hereinafter referred to collectively as the "Real Property".

To the extent, but only to the extent, that assignable rights or interests in, to or under the following have been or will be acquired by Lessor as the owner of any interest in the Real Property, Lessor also hereby grants and assigns to BNPLC for the term of this Ground Lease (and thereafter, if BNPLC purchases the Real Property from

[Land]

Lessor pursuant to the Repurchase Option described in Paragraph 12) the right to use and enjoy (and, in the case of contract rights, to enforce) such rights or interests of Lessor:

(a) the Permitted Encumbrances; and

(b) any general intangibles, permits, licenses, franchises, certificates, and other rights and privileges related to the Real Property that BNPLC (rather than Lessor) would have acquired if BNPLC had itself acquired the fee estate in the Real Property (excluding, however, any rights and privileges of Lessor under this Ground Lease, any rights or privileges of Lessor under the Purchase Agreement or other Operative Documents, and [without limiting Lessor's obligations under subparagraphs 4.(B), 6.(B) or 6.(C)] any rights and privileges of Lessor under the Development Documents described in Annex 3).

Such rights and interests of Lessor, whether now existing or hereafter arising, are hereinafter collectively called the "GL Personal Property". The Real Property and the GL Personal Property are hereinafter sometimes collectively called the "GL Property."

Provided, however, the leasehold estate conveyed hereby and BNPLC's rights hereunder are expressly made subject and subordinate to the Permitted Encumbrances, including those listed on Annex 2. FURTHER, IF AND SO LONG AS THE

OTHER LEASE AGREEMENT AND THE OTHER PURCHASE AGREEMENT (BOTH AS DEFINED IN THE CDPA) REMAIN IN FORCE, THE RIGHTS AND OBLIGATIONS OF LESSOR AND BNPLC HEREUNDER SHALL BE SUBJECT TO ANY CONTRARY PROVISIONS THEREIN. ACCORDINGLY, BNPLC'S RIGHTS UNDER PARAGRAPH 7 BELOW SHALL BE SUBJECT TO THE PROVISIONS GOVERNING INSURANCE AND CONDEMNATION IN THE OTHER LEASE AGREEMENT, IF AND SO LONG AS THE OTHER LEASE AGREEMENT REMAINS IN FORCE.

GENERAL TERMS AND CONDITIONS

The GL Property is leased by Lessor to BNPLC and is accepted and is to be used and possessed by BNPLC upon and subject to the following terms and conditions:

1. Ground Lease Term and Early Termination by BNPLC. The term of this Ground Lease (the "Ground Lease Term") shall commence on and include the GL Effective Date and end on last Business Day prior to the thirty-fifth anniversary of the GL Effective Date. However, subject to the prior approval of any Leasehold Mortgagee, BNPLC shall have the right to terminate this Ground Lease by giving a notice to Lessor stating that BNPLC unequivocally elects to terminate effective as of a date specified in such notice, which may be any date more than thirty days after the notice and after the expiration or termination of the Lease pursuant to its terms.

2. No Other Ground Lease Termination. Except as expressly provided herein, this Ground Lease shall not terminate, nor shall Lessor have any right to terminate this Ground Lease, nor shall the obligations of Lessor under this Ground Lease be excused, for any reason whatsoever, including any of the following: (i) any damage to or the destruction of all or any part of the GL Property from whatever cause, (ii) the taking of the GL Property or any portion thereof by eminent domain or otherwise for any reason, (iii) any default on the part of BNPLC under this Ground Lease or under any other agreement to which Lessor and BNPLC are parties, or (iv) any other cause whether similar or dissimilar to the foregoing, any existing or future law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Lessor hereunder shall be separate and independent of the covenants and agreements of BNPLC. However, nothing in this Paragraph shall be construed as a waiver by Lessor of any right Lessor may have at law or in equity to recover monetary damages for any default under this Ground Lease by BNPLC.

[Land]

3. Ground Lease Rent. On each anniversary of the GL Effective Date, BNPLC shall make a payment to Lessor of rent for the then preceding year ("Ground Lease Rent"), in currency that at the time of payment is legal tender for public and private debts in the United States of America. Each such payment of Ground Lease Rent shall equal the Fair Rental Value, determined as provided in Annex 4.

4. Use of GL Property.

(A0 Permitted Uses and Construction of Improvements. Subject

to the Permitted Encumbrances and the terms hereof, BNPLC may use and occupy the GL Property for any purpose permitted by Applicable Laws and may construct, maintain and use any Improvements on the Land which are permitted by Applicable Laws.

(B0 Cooperation by Lessor and its Affiliates.

(1 After the expiration or any earlier termination of the Lease, if a use of the GL Property by BNPLC or any new Improvements or any removal or modification of Improvements proposed by BNPLC would violate any Permitted Encumbrance, Development Document or Applicable Law unless Lessor or any of its Affiliates, as an owner of adjacent property or otherwise, gave its consent or approval thereto or agreed to join in a modification of a Permitted Encumbrance or Development Document, then Lessor shall give and cause its Affiliates to give such consent or approval or join in such modification.

(2 To the extent, if any, that any Permitted Encumbrance, Development Document or Applicable Law requires the consent or approval of Lessor or any of its Affiliates or of the City of Santa Clara or any other Person to an assignment of this Ground Lease or a transfer of any interest in the GL Property by BNPLC or its successors or assigns, Lessor will without charge give and cause its Affiliates to give such consent or approval and will cooperate in any way reasonably requested by BNPLC to assist BNPLC to obtain such consent or approval from the City or any other Person; provided, however, the assignment or transfer is not then prohibited by the Lease.

(3 Lessor's obligations under this subparagraph 4.(B) shall be binding upon any successor or assign of Lessor with respect to the Land and other properties encumbered by the Permitted Encumbrances or subject to the Development Documents, and such obligations shall survive any sale of Lessor's interest in the GL Property to BNPLC because of BNPLC's exercise of the Repurchase Option (as defined in Paragraph 12).

(C0 Title to Improvements. Any and all Improvements of whatever

nature at any time constructed, placed or maintained upon any part of the Land shall be and remain the property of BNPLC and BNPLC's sublessee's, assignees, licensees and concessionaires, as their interests may appear; provided, any such Improvements which remain on the Land when this Ground Lease expires or is terminated shall become and thereupon be the property of Lessor, free and clear of any Liens Removable by BNPLC. It is the intention of Lessor and BNPLC that severance of fee title to the Land and the Improvements shall not change the character of the Improvements as real property. BNPLC may at any time after Lessor ceases to have possession of the GL Property as tenant under the Lease and prior to the expiration or termination of this Ground Lease remove all or any Improvements from the Land without the consent of Lessor and without any obligation to Lessor or its Affiliates to provide compensation or to construct other Improvements on or about the Land.

5. Assignment and Subletting; Pass Through of BNPLC'S Liability Insurance and Indemnity Rights. BNPLC may sublet or assign this Ground Lease without the consent of Lessor or any of its Affiliates, subject only to limitations set forth in the Lease for the benefit of Lessor so long as those limitations

[Land]

remain in force.

To the extent that BNPLC may from time to time after the expiration or earlier termination of the Other Lease Agreement require any subtenant to agree to maintain liability insurance against claims of third parties and agree to make BNPLC an additional or named insured under such insurance, BNPLC shall also require the subtenant to agree to make Lessor an additional or named insured. However, BNPLC shall have no liability to Lessor for a breach by the subtenant of any such agreements, and to the extent that BNPLC's rights as an additional or named insured are subject to exceptions or limitations concerning BNPLC's own acts or omissions or the acts or omissions of anyone other than the subtenant, so too may Lessor's rights as an additional or named insured be subject to exceptions or limitations concerning Lessor's own acts or omissions or the acts or omissions of anyone other than the subtenant.

To the extent that BNPLC may itself from time to time after the expiration or earlier termination of the Other Lease Agreement maintain liability insurance against claims of third parties which may arise because of any occurrence on or alleged to have occurred on or about the GL Property, BNPLC shall cause Lessor to be an additional or named insured under such insurance, provided Lessor pays or reimburses BNPLC for any additional insurance premium required to have Lessor made an insured.

To the extent that BNPLC may from time to time after the expiration or earlier termination of the Other Lease Agreement require any subtenant to agree to indemnify BNPLC against Environmental Losses or other Losses concerning the GL Property, BNPLC shall also require the subtenant to agree to indemnify Lessor. However, BNPLC shall have no liability to Lessor for a breach by the subtenant of any such agreement, and to the extent that BNPLC's rights as an indemnitee of the subtenant are subject to exceptions or limitations concerning BNPLC's own acts or omissions or the acts or omissions of anyone other than the subtenant, so too may Lessor's rights as an indemnitee be subject to exceptions or limitations concerning Lessor's own acts or omissions or the acts or omissions of anyone other than the subtenant.

6. Representations, Warranties and Covenants of Lessor Concerning the Property. Lessor represents, warrants and covenants as follows:

(A0 Title to the Property. This Ground Lease shall vest in BNPLC good

and marketable title to a leasehold estate in the Land, subject only to the terms and conditions hereof, the Permitted Encumbrances, the Development Documents and any Liens Removable by BNPLC. Lessor shall not, without the prior consent of BNPLC, create, place or authorize, or through any act or failure to act, acquiesce in the placing of, any deed of trust, mortgage or other Lien, whether statutory, constitutional or contractual against or covering the GL Property or any part thereof (other than Permitted Encumbrances and Liens Removable by BNPLC), regardless of whether the same are expressly or otherwise subordinate to the Operative Documents or BNPLC's interest in the Property.

(B0 Modification of Permitted Encumbrances and Development Documents.

Without the prior consent of BNPLC, Lessor shall not enter into, initiate, approve or consent to any modification of any Permitted Encumbrance or Development Document that would create or expand or purport to create or expand obligations or restrictions which would encumber the GL Property or any improvements constructed thereon.

(C0 Performance and Preservation of the Development Documents and

Permitted Encumbrances for the Benefit of BNPLC. Not only during the term of the

Other Lease Agreement, but thereafter throughout the term of this Ground Lease, Lessor shall comply with and perform the obligations imposed by the Permitted Encumbrances and the Development Documents upon Lessor or upon any owner of the Land, and shall do whatever is required to preserve the rights and benefits conferred or intended to be conferred by the Permitted Encumbrances and the Development Documents, as necessary to facilitate any construction contemplated in the Other Lease Agreement and the use of the Improvements by BNPLC and its successors, assigns and subtenants under this Ground Lease after the expiration or any earlier termination of the Other Lease Agreement. Further, if

Lessor or any Affiliate of Lessor now or hereafter owns, acquires or leases land (other than the Land) that is the subject of a Permitted Encumbrance or Development Document, then Lessor shall, and shall cause its Affiliate to, assume liability for and indemnify BNPLC and other Interested Parties and defend and hold them harmless from and against all Losses (including Losses caused by any decline in the value of the Property or of the Improvements) that they would not have incurred or suffered but for (i) a termination of such Permitted Encumbrance or Development Document, to which Lessor or its Affiliate agreed, or which resulted from a breach thereof by Lessor or its Affiliate, or (ii) a refusal of Lessor or its Affiliate to agree to any waiver or modification requested by BNPLC of restrictions upon the Property or the transfer thereof imposed by such Permitted Encumbrance or Development Document, or (iii) anything done, authorized or suffered by Lessor or its Affiliate in violation of such Permitted Encumbrance or Development Document. Lessor's obligations under this subparagraph 6.(C) shall be binding upon any successor or assign of Lessor or its Affiliates with respect to their interest in properties subject to the Development Documents and Permitted Encumbrances.

7. Insurance and Condemnation.

(A0 Entitlement to Insurance and Condemnation Proceeds. All

insurance and condemnation proceeds payable with respect to any damage to or taking of the GL Property shall be payable to and become the property of BNPLC; provided, however, Lessor shall be entitled to receive condemnation proceeds awarded for the value of Lessor's remainder interest in the Land exclusive of the Improvements. BNPLC is authorized to take all action necessary on behalf of both BNPLC and Lessor (as lessor under this Ground Lease) to collect insurance and condemnation proceeds.

(B0 Collection of Insurance Proceeds. In the event any of the GL

Property is destroyed or damaged by fire, explosion, windstorm, hail or by any other casualty against which insurance shall have been required hereunder, (i) BNPLC may make proof of loss, (ii) each insurance company concerned is hereby authorized and directed to make payment for such loss directly to BNPLC for application as required by subparagraph 7.(A), and (iii) BNPLC's consent must be obtained for any settlement, adjustment or compromise of any claims for loss, damage or destruction under any policy or policies of insurance.

(C0 Collection of Condemnation Proceeds. All proceeds of

condemnation awards or proceeds of sale in lieu of condemnation with respect to the GL Property and all judgments, decrees and awards for injury or damage to the GL Property shall be paid to BNPLC and applied as provided in subparagraph 7.(A) above. BNPLC is hereby authorized, in the name of Lessor, to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award concerning condemnation of any of the GL Property. BNPLC shall not be, in any event or circumstances, liable or responsible for failure to collect, or to exercise diligence in the collection of, any such proceeds, judgments, decrees or awards.

8. Leasehold Mortgages.

(A0 By Leasehold Mortgage BNPLC may encumber BNPLC's leasehold estate in the GL Property created by this Ground Lease, as well as BNPLC's rights and interests in buildings, fixtures, equipment and Improvements situated on the Land and rents, issues, profits, revenues and other income to be derived by BNPLC therefrom.

(B0 Any Leasehold Mortgagee or other party, including any corporation formed by a Leasehold Mortgagee, may become the legal owner of the leasehold estate created by this Ground Lease, and of the Improvements, equipment, fixtures and other property assigned as additional security pursuant to a Leasehold Mortgage, by foreclosure of a Leasehold Mortgage or as a result of the assignment or conveyance in lieu of foreclosure. Further, any such Leasehold Mortgagee or other party may itself, after becoming the legal owner and holder of the leasehold estate created by this Ground Lease, or of any Improvements, equipment, fixtures and other

[Land]

property assigned as additional security pursuant to a Leasehold Mortgage, convey or pledge the same without the consent of Lessor.

(C0 Lessor shall serve notice of any default by BNPLC hereunder upon any Leasehold Mortgagee. No notice of a default by BNPLC shall be deemed effective until it is so served. Any Leasehold Mortgagee shall have the right to correct or cure any such default within the same period of time after receipt of such notice as is given to BNPLC under this Ground Lease to correct or cure defaults, plus an additional period of thirty days thereafter. Lessor will accept performance by any Leasehold Mortgagee of any covenant, condition or agreement on BNPLC's part to be performed hereunder with the same force and effect as though performed by BNPLC.

(D0 If this Ground Lease should terminate by reason of a disaffirmance or rejection of this Ground Lease by BNPLC or any receiver, liquidator or trustee for the property of BNPLC, or by any governmental authority which had taken possession of the business or property of BNPLC by reason of the insolvency or alleged insolvency of BNPLC, then:

(1 Lessor shall give notice thereof to each Leasehold Mortgagee; and upon request of any Leasehold Mortgagee made within sixty days after Lessor has given such notice, Lessor shall enter into a new ground lease of the GL Property with such Leasehold Mortgagee for the remainder of the Ground Lease Term, at the same Ground Lease Rent and on the same terms and conditions as contained in this Ground Lease.

(2 The estate of the Leasehold Mortgagee, as lessee under the new lease, shall have priority equal to the estate of BNPLC hereunder. That is, there shall be no charge, lien or burden upon the GL Property prior to or superior to the estate granted by such new lease which was not prior to or superior to the estate of BNPLC under this Ground Lease as of the date immediately preceding the termination of this Ground Lease.

(3 Notwithstanding the foregoing, if Lessor shall receive requests to enter into a new ground lease from more than one Leasehold Mortgagee, Lessor shall be required to enter into only one new ground lease, and the new ground lease shall be to the requesting Leasehold Mortgagee who holds the highest priority lien or interest in BNPLC's leasehold estate in the Land. If the liens or security interests of two or more such requesting Leasehold Mortgagees which shared the highest priority just prior to the termination of this Ground Lease, the new ground lease shall name all such Leasehold Mortgagees as co-tenants thereunder.

(E0 If BNPLC has agreed with any Leasehold Mortgagee that such Leasehold Mortgagee's consent will be required to any modification or early termination of this Ground Lease by BNPLC, and if Lessor has been notified of such agreement, such consent will be required.

(F0 No Leasehold Mortgagee will assume any liability under this Ground Lease either by virtue of its Leasehold Mortgage or by any subsequent receipt or collection of rents or profits generated from the GL Property, unless and until the Leasehold Mortgagee acquires BNPLC's leasehold estate in the GL Property at foreclosure or by deed in lieu of foreclosure.

(G0 Although the foregoing provisions concerning Leasehold Mortgages and Leasehold Mortgagees will be self operative, Lessor agrees to include, in addition to the items specified in Paragraph 11, confirmation of the foregoing in any statement provided to a Leasehold Mortgagee or prospective Leasehold Mortgagee pursuant to Paragraph 11.

[Land]

(A0 Definition of Ground Lease Default. Each of the following

events shall be deemed to be a "Ground Lease Default" by BNPLC under this Ground Lease:

(1 BNPLC shall fail to pay when due any installment of Ground Lease Rent due hereunder and such failure shall continue for sixty days after BNPLC receives notice thereof.

(2 BNPLC shall fail to comply with any term, provision or covenant of this Ground Lease (other than as described in the other clauses of this subparagraph 9.(A)), and shall not cure such failure prior to the earlier of (A) ninety days after notice thereof is sent to BNPLC, or (B) the date any writ or order is issued for the levy or sale of any property owned by Lessor or its Affiliates (including the GL Property) because of such failure or any criminal action is instituted against BNPLC or any of its directors, officers or employees because of such failure; provided, however, that so long as no such writ or order is issued and no such criminal actions is instituted, if such failure is susceptible of cure but cannot with reasonable diligence be cured within such ninety day period, and if BNPLC shall promptly have commenced to cure the same and shall thereafter prosecute the curing thereof with reasonable diligence, the period within which such failure may be cured shall be extended for such further period as shall be necessary for the curing thereof with reasonable diligence.

(B0 Remedy. Upon the occurrence of a Ground Lease Default which

is not cured within any applicable period expressly permitted by subparagraph 9.(A), Lessor's sole and exclusive remedies shall be to sue BNPLC for the collection of any amount due under this Ground Lease, to sue for the specific enforcement of BNPLC's obligations hereunder, or to enjoin the continuation of the Ground Lease Default; provided, however, no limitation of Lessor's remedies contained herein will prevent Lessor from recovering any reasonable costs Lessor may incur to mitigate its damages by curing a Ground Lease Default that BNPLC has failed to cure itself (so long as the cure by Lessor is pursued in a lawful manner and the costs Lessor seeks to recover do not exceed the actual damages to be mitigated). Lessor may not terminate this Ground Lease or BNPLC's right to possession under this Ground Lease. Any judgment which Lessor may obtain against BNPLC for amounts due under this Ground Lease may be collected only through resort of a judgement lien against BNPLC's interest in the GL Property and any Improvements. BNPLC shall have no personal liability for the payment amounts due under this or for the performance of any obligations of BNPLC under this Ground Lease.

10. Quiet Enjoyment. Neither Lessor nor any third party lawfully claiming any right or interest in the GL Property shall during the Ground Lease Term disturb BNPLC's peaceable and quiet enjoyment of the GL Property; however, such enjoyment shall be subject to the terms, provisions, covenants, agreements and conditions of this Ground Lease and the Permitted Encumbrances, to which this Ground Lease is subject and subordinate as hereinabove set forth.

11. Estoppel Certificate. Lessor shall from time to time, within ten days after receipt of request by BNPLC, deliver a statement in writing certifying:

(A0 that this Ground Lease is unmodified and in full force and effect (or if modified that this Ground Lease as so modified is in full force and effect);

(B0 that to the knowledge of Lessor BNPLC has not previously assigned or hypothecated its rights or interests under this Ground Lease, except as is described in such statement with as much specificity as Lessor is able to provide;

(C0 the term of this Ground Lease and the Ground Lease Rent then in effect and any additional

[Land]

charges;

(D0 that BNPLC is not in default under any provision of this Ground Lease (or if in default, the nature thereof in detail) and a statement as to any outstanding obligations on the part of Lessor or BNPLC; and

(E0 such other matters as are reasonably requested by BNPLC.

Lessor's failure to deliver such statement within such time shall be conclusive upon BNPLC (i) that this Ground Lease is in full force and effect, without modification except as may be represented by BNPLC, (ii) that there are no uncured defaults in BNPLC's performance hereunder.

12. Option To Repurchase. Subject to the terms and conditions set forth in Annex 5, BNPLC (and any assignee of BNPLC's entire interest in the GL

Property, but not any subtenant or assignee of a lesser interest) shall have the option (the "Repurchase Option") to purchase Lessor's interest in the GL Property. To secure BNPLC's right to recover any damages caused by a breach of the Repurchase Option or other provisions of this Ground Lease by Lessor, including any such breach caused by a rejection or termination of this Ground Lease in any bankruptcy or insolvency proceeding instituted by or against Lessor, as debtor, Lessor does hereby grant to BNPLC a lien and security interest against the Land and against all rights, title and interests of Lessor from time to time in and to the GL Property.

[The signature pages follow.]

Exhibit B-3 - Page 8

[Land]

IN WITNESS WHEREOF, this Ground Lease is hereby executed in multiple originals as of the date first written above.

"Lessor"

[Extreme or the Applicable Purchaser]

By: _____
Name: _____
Title: _____

Exhibit B-3 - Page 9

[Land]

[Continuation of signature pages to GROUND LEASE dated as of _____, ____]

"BNPLC"

BNP LEASING CORPORATION

By: _____
Name: _____
Title: _____

Exhibit B-3 - Page 10

[Land]

STATE OF _____)
)
COUNTY OF _____)

On _____, _____, before me, _____,
personally appeared _____, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person whose name
is subscribed to the within instrument and acknowledged to me that he executed
the same in his authorized capacity, and that by his signature on the instrument
the person, or the entity upon behalf of which the person acted, executed the
instrument.

WITNESS my hand and official seal.

Signature _____

Exhibit B-3 - Page 11

[Land]

STATE OF _____)
)
COUNTY OF _____)

On _____, _____, before me, _____, personally
appeared _____, personally known to me (or proved to me on the basis of
satisfactory evidence) to be the person whose name is subscribed to the within
instrument and acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument the person, or the entity
upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Exhibit B-3 - Page 12

[Land]

Annex 1

Legal Description

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S
CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY
SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING
NOTE" WILL BE DELETED BEFORE THE DEED TO WHICH THIS DESCRIPTION IS ATTACHED IS
ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of
Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain
Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County
Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said
point of beginning along the Northerly line of said 24.470 acre parcel N. 89
degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly
lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the
Southerly line of said 24.740 acre parcel; thence along said Southerly line the
following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00
feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said

Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

Exhibit B-3 - Page 13

[Land]

Annex 2

Permitted Encumbrances

The leasehold and other interests in the Land hereby conveyed by Lessor are conveyed subject to the following matters to the extent the same are still valid and in force:

[THE SAME LIST OF PERMITTED ENCUMBRANCES ATTACHED TO THE GRANT DEED FROM BNPLC TO EXTREME OR THE APPLICABLE PURCHASER SHALL BE INSERTED HERE.]

Exhibit B-3 - Page 14

[Land]

Annex 3

List of Development Documents

None.

[Land]

Exhibit B-3 - Page 15

Annex 4

DETERMINATION OF FAIR RENTAL VALUE

Each annual payment of Ground Lease Rent will equal the Fair Rental Value, computed as of the most recent Rental Determination Date when such payment becomes due. As used in this Annex:

"Fair Rental Value" means (and all appraisers and other persons involved in the determination of the Fair Rental Value will be so advised) the annual rent, as determined in accordance with this Annex, that would be agreed upon between a willing tenant, under no compulsion to lease, and a willing landlord, under no compulsion to lease, for unimproved land comparable in size and location to the Land,

exclusive of any Improvements but assuming that there is no higher and better use for such land than as a site for improvements of comparable size and utility to the Improvements, at the time a determination is required under hereunder and taking into consideration the condition of the Land, the encumbrances affecting the title to the Land and all applicable zoning, land use approvals and other governmental permits relating to the Land at the time of such determination; and

"Rental Determination Date" means the GL Effective Date and each fifth anniversary of the GL Effective Date.

If Lessor and BNPLC have not agreed upon Fair Rental Value as of any Rental Determination Date within one hundred eighty days after the such date, then Fair Rental Value will be determined as follows:

(a0 Lessor and BNPLC shall each appoint a real estate appraiser who is familiar with rental values for properties in the vicinity of the Land and who has not previously acted for either party. Each party will make the appointment no later than ten days after receipt of notice from the other party that the appraisal process

described in this Annex has been invoked. The agreement of the two appraisers as to Fair Rental Value will be binding upon Lessor and BNPLC. If the two appraisers cannot agree upon the Fair Rental Value within ten days following their appointment, they shall within another ten days agree upon a third real estate appraiser. Immediately thereafter, each of the first two appraisers will submit his best estimate of the appropriate Fair Rental Value (together with a written report supporting such estimate) to the third appraiser and the third appraiser will choose between the two estimates. The estimate of Fair Rental Value chosen by the third appraiser as the closest to the prevailing annual fair rental value will be binding upon Lessor and BNPLC. Notification in writing of this estimate shall be made to Lessor and BNPLC within fifteen days following the selection of the third appraiser.

(b0 If appraisers must be selected under the procedure set out above and either BNPLC or Lessor fails to appoint an appraiser or fails to notify the other party of such appointment within fifteen days after receipt of notice that the prescribed time for appointing the appraisers has passed, then the other party's appraiser will determine the Fair Rental Value. All appraisers selected for the appraisal process set out in this Annex will be disinterested, reputable, qualified real estate appraisers with the designation of MAI or equivalent and with at least 5 years experience in appraising properties comparable to the Land.

(c0 If a third appraiser must be chosen under the procedure set out above, he or she will be chosen on the basis of objectivity and competence, not on the basis of his relationship with the other appraisers or the parties to this Ground Lease, and the first two appraisers will be so advised. Although the first two appraisers will be instructed to attempt in good faith to agree upon the third appraiser, if for any reason they cannot agree within the prescribed time, either Lessor and BNPLC may require the first two appraisers to immediately submit its top choice for the third appraiser to the then highest ranking officer of the California Bar Association who will agree to help and who has no attorney/client or other significant

[Land]

Exhibit B-3 - Page 16

relationship to either Lessor or BNPLC. Such officer will have complete discretion to select the most objective and competent third appraiser from between the choices of each of the first two appraisers, and will do so within twenty days after such choices are submitted to him.

(d0 Either Lessor or BNPLC may notify the appraiser selected by the other party to demand the submission of an estimate of Fair Rental Value or a choice of a third appraiser as required under the procedure described above; and if the submission of such an estimate or choice is required but the other party's appraiser fails to comply with the demand within fifteen days after receipt of such notice, then the Fair Rental Value or choice of the third appraiser, as the case may be, selected by the other appraiser (i.e., the notifying party's appraiser) will be binding upon Lessor and BNPLC.

(e0 Lessor and BNPLC shall each bear the expense of the appraiser appointed by it, and the expense of the third appraiser and of any officer of the California Bar Association who participates in the appraisal process described above will be shared equally by Lessor and BNPLC.

[Land]

Exhibit B-3 - Page 17

Annex 5

REPURCHASE OPTION

Subject to the terms of this Annex, BNPLC shall have an option (the

"Option") to buy Lessor's fee interest in the GL Property at any time during the term of this Ground Lease for a purchase price (the "Option Price") to Lessor equal to the fair market value of the GL Property, determined as described in the next paragraph.

For the purposes of this Annex, "fair market value" of the GL Property means (and all appraisers and other persons involved in the determination of the Option Price will be so advised) the price that would be agreed upon between a willing buyer, under no compulsion to buy, and a willing seller, under no compulsion to sell, for the Land, exclusive of any Improvements as if the Land were unimproved, but assuming that there is no higher and better use for the

Land than as a site for the construction of improvements of comparable size and utility to the Improvements, at the time of BNPLC's exercise of the Option and taking into consideration the encumbrances affecting the title to the Land and all applicable zoning, land use approvals and other governmental permits relating to the Land at the time of the exercise of the Option.

If BNPLC exercises the Option, which BNPLC may do by notifying Lessor that BNPLC has elected to buy Lessor's interest in the GL Property as provided herein, then:

(a0 To the extent, if any, required as a condition imposed by law to the conveyance of the fee interest in the GL Property to BNPLC, Lessor shall promptly at its expense do whatever is necessary to obtain approvals of a new Parcel Map or lot line adjustments.

(b0 Upon BNPLC's tender of the Option Price to Lessor, Lessor will convey to BNPLC by general warranty deed and assignment, subject only to the Permitted Encumbrances, good and marketable title to the fee estate in the Land, to Lessor's interest in all other GL Property and, to the extent still in force, to Lessor's Extended Remarketing Rights under the Purchase Agreement.

(c0 BNPLC's obligation to close the purchase shall be subject to the following terms and conditions, all of which are for the benefit of BNPLC: (1) BNPLC shall have been furnished with evidence satisfactory to BNPLC that Lessor can convey title as required by the preceding subparagraph; (2) nothing shall have occurred or been discovered after BNPLC exercised the Option that could significantly and adversely affect title to the GL Property or BNPLC's use thereof, (3) all of the representations of Lessor in this Ground Lease shall continue to be true as if made effective on the date of the closing and, with respect to any such representations which may be limited to the knowledge of Lessor or any of Lessor's representatives, would continue to be true on the date of the closing if all relevant facts and circumstances were known to Lessor and such representatives, (4) BNPLC shall find the Option Price acceptable after it is determined as provided in this Annex, and (5) BNPLC shall have been tendered the deed and other documents which are described in this Annex as documents to be delivered to BNPLC at the closing of BNPLC's purchase.

(d0 Closing of the purchase will be scheduled on the first Business Day following thirty days after the Option Price is established in accordance with the terms and conditions of this Annex and after any approvals described in subparagraph (a) above are obtained, and prior to closing BNPLC's occupancy of the GL Property shall continue to be subject to the terms and conditions of this Ground Lease, including the terms setting forth BNPLC's obligation to pay rent. Closing shall take place at the offices of any title insurance company reasonably selected by BNPLC to insure title under the title insurance policy described below.

[Land]

Exhibit B-3 - Page 18

(e0 Any transfer taxes or notices or registrations required by law in connection with the sale contemplated by this Annex will be the responsibility of Lessor.

(f0 Lessor will deliver a certificate of nonforeign status to BNPLC at closing as needed to comply with the provisions of the Foreign Investors Real Property Tax Act (FIRPTA) or any comparable federal,

state or local law in effect at the time.

(g0 Lessor will also pay for and deliver to BNPLC at the closing an owner's title insurance policy in the full amount of the Option Price, issued by a title insurance company designated by BNPLC (or written confirmation from the title company that it is then prepared to issue such a policy), and subject only to standard printed exceptions which the title insurance company refuses to delete or modify in a manner acceptable to BNPLC and to Permitted Encumbrances.

(h0 Lessor shall also deliver at the closing all other documents or things reasonably required to be delivered to BNPLC or by the title insurance company to evidence Lessor's ability to transfer the GL Property to BNPLC.

If Lessor and BNPLC do not otherwise agree upon the amount of the Option Price within twenty days after BNPLC exercises the Option, the Option Price shall be determined in accordance with the following procedure:

(1 Lessor and BNPLC shall each appoint a real estate appraiser who is familiar with properties in the vicinity of the Land and who has not previously acted for either party. Each party will make the appointment no later than ten days after receipt of notice from the other party that the appraisal process described in this Annex has been invoked. The agreement of the two appraisers as to the Option Price will be binding upon Lessor and BNPLC. If the two appraisers cannot agree upon the Option Price within ten days following their appointment, they shall within another ten days agree upon a third real estate appraiser. Immediately thereafter, each of the first two appraisers will submit his best estimate of the appropriate Option Price (together with a written report supporting such estimate) to the third appraiser and the third appraiser will choose between the two estimates. The estimate of Option Price chosen by the third appraiser as the closest to the prevailing fair market value will be binding upon Lessor and BNPLC. Notification in writing of the Option Price shall be made to Lessor and BNPLC within fifteen days following the selection of the third appraiser.

(2 If appraisers must be selected under the procedure set out above and either BNPLC or Lessor fails to appoint an appraiser or fails to notify the other party of such appointment within fifteen days after receipt of notice that the prescribed time for appointing the appraisers has passed, then the other party's appraiser will determine the Option Price. All appraisers selected for the appraisal process set out in this Annex will be disinterested, reputable, qualified real estate appraisers with the designation of MAI or equivalent and with at least 5 years experience in appraising properties comparable to the Land.

(3 If a third appraiser must be chosen under the procedure set out above, he will be chosen on the basis of objectivity and competence, not on the basis of his relationship with the other appraisers or the parties to this Ground Lease, and the first two appraisers will be so advised. Although the first two appraisers will be instructed to attempt in good faith to agree upon the third appraiser, if for any reason they cannot agree within the prescribed time, either Lessor and BNPLC may require the first two appraisers to immediately submit its top choice for the third appraiser to the then highest ranking officer of the California Bar Association who will agree to help and who has no attorney/client or other significant relationship to either Lessor or BNPLC. Such officer

[Land]

will have complete discretion to select the most objective and competent third appraiser from between the choices of each of the first two appraisers, and will do so within ten days after

such choices are submitted to him.

(4 Either Lessor or BNPLC may notify the appraiser selected by the other party to demand the submission of an estimate of Option Price or a choice of a third appraiser as required under the procedure described above; and if the submission of such an estimate or choice is required but the other party's appraiser fails to comply with the demand within fifteen days after receipt of such notice, then the Option Price or choice of the third appraiser, as the case may be, selected by the other appraiser (i.e., the notifying party's appraiser) will be binding upon Lessor and BNPLC.

(5 Lessor and BNPLC shall each bear the expense of the appraiser appointed by it, and the expense of the third appraiser and of any officer of the California Bar Association who participates in the appraisal process described above will be shared equally by Lessor and BNPLC.

[Land]

Exhibit B-3 - Page 20

Exhibit B-4

CORPORATION GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NAME: [Extreme or the Applicable Purchaser]
ADDRESS: _____
ATTN: _____
CITY: _____
STATE: _____
Zip: _____

MAIL TAX STATEMENTS TO:

NAME: [Extreme or the Applicable Purchaser]
ADDRESS: _____
ATTN: _____
CITY: _____
STATE: _____
Zip: _____

CORPORATION GRANT DEED
(Covering Land but not the Improvements On the Land)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, BNP LEASING CORPORATION, a Delaware corporation ("Grantor"), hereby grants to [Extreme or the Applicable Purchaser] ("Grantee") all of Grantor's interest in the land situated in Santa Clara, California, described on Annex A attached hereto and hereby made a part hereof (the "Land"), together with the any other right, title and interest of Grantor in and to any easements, rights-of-way, privileges and other rights appurtenant to the Land; provided, however, that this grant is subject to the encumbrances described on Annex B (the "Permitted Encumbrances") and any reservations or qualifications set forth below. Grantee hereby assumes the obligations (including any personal obligations) of Grantor, if any, created by or under, and agrees to be bound by the terms and conditions of, the Permitted Encumbrances to the extent that the same concern or apply to the Land.

Although this deed conveys Grantor's interest in the Land itself, this deed does not convey any interest in any buildings or other improvements on the Land (collectively, "Improvements") or any rights or easements appurtenant to Improvements. Prior to or contemporaneously with the delivery of this deed, Grantor has conveyed or is conveying the Improvements and appurtenant rights and easements to another party.

[Land]

BNP LEASING CORPORATION

Date: As of _____

By: _____
Its: _____

Attest: _____
Its: _____

[Extreme or Applicable Purchaser]

Date: As of _____

By: _____
Its: _____

Attest: _____
Its: _____

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[Land]

Exhibit B-4 - Page 2

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[Land]

Exhibit B-4 - Page 3

Annex A

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S
CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY
SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING
NOTE" WILL BE DELETED BEFORE THE DEED TO WHICH THIS DESCRIPTION IS ATTACHED IS

ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly line S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

[Land]

Exhibit B-4 - Page 4

Annex B

Permitted Encumbrances

[DRAFTING NOTE: TO THE EXTENT THAT ENCUMBRANCES (OTHER THAN "LIENS REMOVABLE BY -----

BNPLC") ARE IDENTIFIED IN ADDITION TO THOSE DESCRIBED BELOW, SUCH ADDITIONAL ENCUMBRANCES WILL BE ADDED TO THE LIST BELOW AND THIS "DRAFTING NOTE" WILL BE DELETED BEFORE THIS DEED IS ACTUALLY EXECUTED AND DELIVERED BY BNPLC. SUCH ADDITIONAL ENCUMBRANCES WOULD INCLUDE ANY NEW ENCUMBRANCES APPROVED BY BNPLC AS "PERMITTED ENCUMBRANCES" UNDER THE LAND LEASE OR THE OTHER LEASE AGREEMENT FROM TIME TO TIME OR BECAUSE OF EXTREME'S REQUEST FOR BNPLC'S CONSENT OR APPROVAL TO AN ADJUSTMENT.]

This conveyance is subject to all encumbrances not constituting a "Lien Removable by BNPLC" (as defined in the Common Definitions and Provisions Agreement (Land) incorporated by reference into the Lease Agreement (Land) referenced in the last item of the list below), including the following matters to the extent the same are still valid and in force:

1. TAXES for the fiscal year 2000-2001, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, (commencing with Section 75) to the Revenue and Taxation Code of the State of California.
3. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara
For: electric wire overhang purposes
Recorded: November 28, 1960 in Book 4995, Page 160, Official Records
Affects: Northerly 5 feet of said land, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000
4. The fact that the ownership of said land does not include any right of ingress or egress to or from Lawrence Expressway contiguous thereto, said right having been relinquished by deed,
From: Jefferson Union Elementary School District of the County of Santa Clara
To: County of Santa Clara, State of California
Recorded: June 4, 1965 in Book 6982, Page 1, Official Records

Said land, however, abuts on a public street other than the one referred to above, over which rights of vehicular access have not been relinquished.
5. An Agreement, affecting said land, for the purposes stated herein and

subject to the terms, covenants, conditions, restrictions, and easements, if any, contained therein
For: Postponed Traffic Signal Improvements
Dated: October 4, 1983
Executed by: City of Santa Clara, California, a municipal corporation and MPJ, a California partnership Recorded: November 16, 1983 in Book I 070, Page 333, Official Records.

6. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: roadway purposes and public utilities
Recorded: November 30, 1983 in Book I 111, Page 606, Official Records
Affects: A portion of that certain 24.740 acre parcel of land as shown on that certain Record of Survey filed for record in Book 447 of Maps, at page 33, Santa Clara County Records, described as

[Land]

Exhibit B-4 - Page 5

follows:

Beginning at a point in the Northerly line of Monroe Avenue, as shown on said map at the Westerly terminus of the course shown as N. 89 degrees 25 minutes 00 seconds E. 760.70; thence from said point of beginning along said Northerly line N. 89 degrees 25 minutes 00 seconds E. 760.70 feet and N. 2.00 feet; thence leaving said Northerly line along a line parallel with said course of N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 334.99 feet; thence leaving said parallel line N. 87 degrees 09 minutes 00 seconds W. 66.79 feet; thence along a line parallel with said course N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 359.00 feet; thence leaving said Westerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to a point of cusp in the Westerly line of said 24.740 acre parcel; thence along said Westerly line S. 0 degrees 00 minutes 27 seconds E. 6.00 feet; thence leaving said Westerly line along a tangent curve to the left, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to the point of beginning, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

7. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: underground electrical distribution and/or communication systems
Recorded: May 17, 1984 in Book I 552, Page 595, Official Records
Affects. as follows:

Parcel 1:

Commencing at the point of intersection of the Westerly line of that certain 24.74 acre parcel of land shown upon that Record of Survey filed for recorded August 10, 1979 in Book 447 of Maps, at page 33, Santa Clara County Records, with a line parallel with and 10 feet Southerly of, measured at right angles to, the Northerly line of said parcel; thence along said parallel line N. 89 degrees 25 minutes 00 seconds E. 107.00 feet; thence parallel with said Westerly line S. 0 degrees 00 minutes 27 seconds E. 319.16 feet; thence S. 34 degrees 02 minutes 45 seconds W. 87.51 feet, more or less, to intersection with a line parallel with and 58 feet Easterly of measured at right angles to, said Westerly line; thence along last said parallel line S. 0 degrees 00 minutes 27 seconds E. 294.30 feet, more or less, to intersection with a line parallel with and 5 feet Northerly of, measured at right angles to, the Northerly line of that real property conveyed to the City of Santa Clara by that deed filed for record November 30, 1983 in Book I 111 of Official Records, at page 606, said County Records; thence along last said parallel line the following three (3) courses: N. 89 degrees 25 minutes 00 seconds E. 351.81 feet; S. 87 degrees 09 minutes 00 seconds E. 66.79 feet; N. 89 degrees 25 minutes 00 seconds E. 334.69 feet; thence continuing parallel with the Southerly line of first said parcel N. 89 degrees 25 minutes 00 seconds E. 181.89 feet,

more or less, to termination in the Easterly line of that certain parcel of real property conveyed to MPJ Partnership, by that Grant Deed filed for record August 25, 1983 in Book H 838 of Official Records, at page 215, said County Records.

Parcel 2:

A portion of said 24.74 acre parcel of land contiguous to and Northerly of said real property conveyed by deed recorded in Book I 111, at page 606, contiguous to and Westerly of hereinabove described strip of land and bounded on the North by a line parallel with and 5 feet Northerly of, measured at right angles to, that course N. 89 degrees 25 minutes 00 seconds E. 351.81 feet in the hereinabove described centerline.

Parcel 3:

[Land]

Exhibit B-4 - Page 6

A strip of land 10 feet in width and 30 feet in length of centerline of said strip being parallel with and 325.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet, as the centerline of a strip of land 15 feet in width, to termination of said centerline and strip.

Parcel 4:

A strip of land 10 feet in width and 12 feet in length the centerline of said strip being parallel with and 116.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet in width, lying 5 feet Northerly and 10 feet Southerly of said parallel line to the Easterly terminus of said strip.

Parcel 5:

A strip of land 10 feet in width, the centerline of said strip being described as follows:

Commencing at the point of intersection of the Northerly line of first hereinabove described strip of land with a line parallel with and 824.5 feet Easterly of, measured at right angles to, that course in the Westerly boundary of said 24.75 acre parcel bearing N. 0 degrees 00 minutes 27 seconds W.; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 367.96 feet, more or less, to a line parallel with and 327 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel; thence along last said parallel line S. 89 degrees 25 minutes 00 seconds W. 78 feet to a line parallel with and 746.5 feet Easterly of, measured at right angles to, said Westerly line of the 24.74 acre parcel; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 203 feet; thence continuing as the centerline of a strip of land 15 feet in width N. 0 degrees 00 minutes 27 seconds W. 15 feet, more or less, to termination of said strip and centerline in a line parallel with and 109 feet Southerly of, measured at right angles to, last said Northerly line.

Parcel 6:

A 15 foot square parcel of land contiguous to and Southerly of last hereinabove described 10 foot wide strip of land and centered on the Southerly prolongation of hereinabove mentioned course N. 0 degrees 00 minutes 27 seconds W. 203 feet, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

8. Lease Agreement (Land) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee, and Lease Agreement (Improvements) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc.,

as lessee.

[Land]

Exhibit B-4 - Page 7

Exhibit C

BILL OF SALE AND ASSIGNMENT

Reference is made to: (1) that certain Purchase Agreement (Land) between BNP Leasing Corporation ("Assignor") and Extreme Networks, Inc., dated as of June 1, 2000, (the "Purchase Agreement") and (2) that certain Lease Agreement (Land) between Assignor, as landlord, and Extreme Networks, Inc., as tenant, dated as of June __, 2000 (the "Land Lease"). (Capitalized terms used and not otherwise defined in this document are intended to have the meanings assigned to them in the Common Definitions and Provisions Agreement (Land) incorporated by reference into both the Purchase Agreement and Land Lease.)

As contemplated by the Purchase Agreement, Assignor hereby sells, transfers and assigns unto [EXTREME OR THE APPLICABLE PURCHASER, AS THE CASE MAY BE], a _____ ("Assignee"), all of Assignor's right, title and interest in and to the following property, if any, to the extent such property is assignable:

(a) the Land Lease;

(b) any pending or future award made because of any condemnation affecting the Property or because of any conveyance to be made in lieu thereof, and any unpaid award for damage to the Property and any unpaid proceeds of insurance or claim or cause of action for damage, loss or injury to the Property; and

(c) all other property included within the definition of "Property" as set forth in the Purchase Agreement.

Provided, however, excluded from this conveyance and reserved to Assignor are any rights or privileges of Assignor under the following ("Excluded Rights"): (1) the indemnities set forth in the Land Lease, whether such rights are presently known or unknown, including rights of the Assignor to be indemnified against environmental claims of third parties as provided in the Land Lease which may not presently be known, (2) provisions in the Land Lease that establish the right of Assignor to recover any accrued unpaid rent under the Land Lease which may be outstanding as of the date hereof, (3) agreements between Assignor and "BNPLC's Parent" or any "Participant," both as defined in the Land Lease, or any modification or extension thereof, or (4) any other instrument being delivered to Assignor contemporaneously herewith pursuant to the Purchase Agreement. To the extent that this conveyance does include any rights to receive future payments under the Land Lease, such rights ("Included Rights") shall be subordinate to Assignor's Excluded Rights, and Assignee hereby waives any rights to enforce Included Rights until such time as Assignor has received all payments to which it remains entitled by reason of Excluded Rights. If any amount shall be paid to Assignee on account of any Included Rights at any time before Assignor has received all payments to which it is entitled because of Excluded Rights, such amount shall be held in trust by Assignee for the benefit of Assignor, shall be segregated from the other funds of Assignee and shall forthwith be paid over to Assignor to be held by Assignor as collateral for, or then or at any time thereafter applied in whole or in part by Assignor against, the payments due to Assignor because of Excluded Rights, whether matured or unmatured, in such order as Assignor shall elect.

Assignor does for itself and its successors covenant and agree to warrant and defend the title to the property assigned herein against the just and lawful claims and demands of any person claiming under or through a Lien Removable by BNPLC, but not otherwise.

Assignee hereby assumes and agrees to keep, perform and fulfill Assignor's obligations, if any, relating to any permits or contracts, under which Assignor has rights being assigned herein.

[Land]

IN WITNESS WHEREOF, the parties have executed this instrument as of

_____, _____.

ASSIGNOR:

BNP LEASING CORPORATION a Delaware corporation

By: _____
Its: _____

ASSIGNEE:

[Extreme or the Applicable Purchaser], a

By: _____
Its: _____

[Land]

Exhibit C - Page 2

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Annex A

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S
CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY
SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING
NOTE" WILL BE DELETED BEFORE THE DOCUMENT TO WHICH THIS DESCRIPTION IS ATTACHED
IS ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of
Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain
Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County
Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said
point of beginning along the Northerly line of said 24.470 acre parcel N. 89
degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly
lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the
Southerly line of said 24.740 acre parcel; thence along said Southerly line the
following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00
feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said
Southerly line along a tangent curve to the right, with a radius of 50.00 feet,
through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of
79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence
along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to
the point of beginning.

Exhibit D

ACKNOWLEDGMENT OF DISCLAIMER OF REPRESENTATIONS AND WARRANTIES

THIS ACKNOWLEDGMENT OF DISCLAIMER OF REPRESENTATIONS AND WARRANTIES
(this "Certificate") is made as of _____, _____, by [Extreme or the
Applicable Purchaser, as the case may be], a _____ ("Grantee").

Contemporaneously with the execution of this Certificate, BNP Leasing
Corporation, a Delaware corporation ("BNPLC"), is executing and delivering to
Grantee (1) a corporate grant deed and (2) a Bill of Sale and Assignment (the
foregoing documents and any other documents to be executed in connection
therewith are herein called the "Conveyancing Documents" and any of the
properties, rights or other matters assigned, transferred or conveyed pursuant
thereto are herein collectively called the "Subject Property").

Notwithstanding any provision contained in the Conveyancing Documents
to the contrary, Grantee acknowledges that BNPLC makes no representations or
warranties of any nature or kind, whether statutory, express or implied, with
respect to environmental matters or the physical condition of the Subject
Property, and Grantee, by acceptance of the Conveyancing Documents, accepts the
Subject Property "AS IS," "WHERE IS," "WITH ALL FAULTS" and without any such

representation or warranty by Grantor as to environmental matters, the physical
condition of the Subject Property, compliance with subdivision or platting
requirements or construction of any improvements. Without limiting the
generality of the foregoing, Grantee hereby further acknowledges and agrees that
warranties of merchantability and fitness for a particular purpose are excluded
from the transaction contemplated by the Conveyancing Documents, as are any
warranties arising from a course of dealing or usage of trade. Grantee hereby
assumes all risk and liability (and agrees that BNPLC shall not be liable for

any special, direct, indirect, consequential, or other damages) resulting or arising from or relating to the ownership, use, condition, location, maintenance, repair, or operation of the Subject Property, except for damages proximately caused by (and attributed by any applicable principles of comparative fault to) the Established Misconduct of BNPLC. As used in the preceding sentence, "Established Misconduct" is intended to have, and be limited to, the meaning given to it in the Common Definitions and Provisions Agreement (Land) incorporated by reference into the Purchase Agreement between BNPLC and Extreme Networks, Inc. dated as of June 1, 2000, pursuant to which Purchase Agreement BNPLC is delivering the Conveyancing Documents.

The provisions of this Certificate shall be binding on Grantee, its successors and assigns and any other party claiming through Grantee. Grantee hereby acknowledges that BNPLC is entitled to rely and is relying on this Certificate.

EXECUTED as of _____, ____.

[Extreme or the Applicable Purchaser]
By: _____
Name: _____
Title: _____

[Land]

Exhibit E

SECRETARY'S CERTIFICATE

The undersigned, [Secretary or Assistant Secretary] of BNP Leasing Corporation, a Delaware corporation (the "Corporation"), hereby certifies as follows:

1. That he is the duly, elected, qualified and acting Secretary [or Assistant Secretary] of the Corporation and has custody of the corporate records, minutes and corporate seal.
2. That the following named persons have been properly designated, elected and assigned to the office in the Corporation as indicated below; that such persons hold such office at this time and that the specimen signature appearing beside the name of such officer is his or her true and correct signature.

[The following blanks must be completed with the names and signatures of the officers who will be signing the deed and other Sale Closing Documents on behalf of the Corporation.]

Name	Title	Signature
----	----	-----
_____	_____	_____
_____	_____	_____

3. That the resolutions attached hereto and made a part hereof were duly adopted by the Board of Directors of the Corporation in accordance with the Corporation's Articles of Incorporation and Bylaws. Such resolutions have not been amended, modified or rescinded and remain in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Corporation on this __, day of __, __.

[signature and title]

[Land]

CORPORATE RESOLUTIONS OF
BNP LEASING CORPORATION

WHEREAS, pursuant to that certain Purchase Agreement (Land) (herein called the "Purchase Agreement") dated as of June 1, 2000, by and between BNP Leasing Corporation (the "Corporation") and [Extreme or the Applicable Purchaser as the case may be] ("Purchaser"), the Corporation agreed to sell and Purchaser agreed to purchase or cause the Applicable Purchaser (as defined in the Purchase Agreement) to purchase the Corporation's interest in the property (the "Property") located in Santa Clara, California more particularly described therein.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Corporation, in its best business judgment, deems it in the best interest of the Corporation and its shareholders that the Corporation convey the Property to Purchaser or the Applicable Purchaser pursuant to and in accordance with the terms of the Purchase Agreement.

RESOLVED FURTHER, that the proper officers of the Corporation, and each of them, are hereby authorized and directed in the name and on behalf of the Corporation to cause the Corporation to fulfill its obligations under the Purchase Agreement.

RESOLVED FURTHER, that the proper officers of the Corporation, and each of them, are hereby authorized and directed to take or cause to be taken any and all actions and to prepare or cause to be prepared and to execute and deliver any and all deeds and other documents, instruments and agreements that shall be necessary, advisable or appropriate, in such officer's sole and absolute discretion, to carry out the intent and to accomplish the purposes of the foregoing resolutions.

[Land]

Exhibit E - Page 2

Exhibit F

FIRPTA STATEMENT

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. Sections 18805, 18815 and 26131 of the California Revenue and Taxation Code, as amended, provide that a transferee of a California real property interest must withhold income tax if the transferor is a nonresident seller.

To inform [Extreme or the Applicable Purchaser] (the "Transferee") that withholding of tax is not required upon the disposition of a California real property interest by transferor, BNP Leasing Corporation (the "Seller"), the undersigned hereby certifies the following on behalf of the Seller:

1. The Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. The United States employer identification number for the Seller is _____;
3. The office address of the Seller is _____.
4. The Seller is qualified to do business in California.

The Seller understands that this certification may be disclosed to the Internal Revenue Service and/or to the California Franchise Tax Board by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

The Seller understands that the Transferee is relying on this affidavit in determining whether withholding is required upon said transfer.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Seller.

Dated: _____, ____.

By: _____
Name: _____
Title: _____

[Land]

PURCHASE AGREEMENT
(IMPROVEMENTS)

BETWEEN

BNP LEASING CORPORATION

("BNPLC")

AND

EXTREME NETWORKS, INC.

("Extreme")

June 1, 2000

(Santa Clara, California)

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PURCHASE AGREEMENT
(IMPROVEMENTS)

This PURCHASE AGREEMENT (IMPROVEMENTS) (this "Agreement") is made and dated as of June 1, 2000 (the "Effective Date") by and between BNP LEASING CORPORATION, a Delaware corporation ("BNPLC"), and EXTREME NETWORKS, INC., a Delaware corporation ("Extreme").

RECITALS

Contemporaneously with the execution of this Agreement, BNPLC and Extreme are executing a Common Definitions and Provisions Agreement (Improvements) dated as of the Effective Date (the "Common Definitions and Provisions Agreement (Improvements)"), which by this reference is incorporated into and made a part of this Agreement for all purposes. As used in this Agreement, capitalized terms defined in the Common Definitions and Provisions Agreement (Improvements) and not otherwise defined in this Agreement are intended to have the respective meanings assigned to them in the Common Definitions and Provisions Agreement (Improvements).

Pursuant to the Acquisition Contract, which covers the Land described in Exhibit A, BNPLC is acquiring the Land and any appurtenances thereto and the existing Improvements thereon from Seller contemporaneously with the execution of this Agreement. Pursuant to the Lease Agreement (Improvements) executed by BNPLC and Extreme contemporaneously with this Agreement (the "Improvements Lease"), BNPLC is leasing the Improvements on the Land to Extreme and agreeing to provide funding for renovations, remodeling, improvements and furnishing of the Improvements, all of which will be owned by BNPLC. (All of BNPLC's interests, including those created by the documents delivered at the closing under the Acquisition Contract, in the Improvements and in all other real and personal property from time to time covered by the Improvements Lease and

included within the "Property" as defined therein are hereinafter collectively referred to as the "Property". The Property does not include the Land itself, it being understood that the Other Purchase Agreement constitutes a separate agreement providing for the possible sale of the Land and the appurtenances thereto, and only the Land and the appurtenances thereto, from BNPLC to Extreme or a third party designated by Extreme.)

Extreme and BNPLC have reached agreement upon the terms and conditions upon which Extreme will purchase or arrange for the purchase of the Property, and by this Agreement they desire to evidence such agreement.

AGREEMENTS

1. EXTREME'S OPTIONS AND OBLIGATIONS ON THE DESIGNATED SALE DATE.

(A) Right to Purchase; Initial Remarketing Rights and Obligation.

Whether or not an Event of Default shall have occurred and be continuing or the Improvements Lease shall have been terminated, but subject to Paragraph 4 below:

(1) Extreme shall have the right (the "Purchase Option") to purchase or cause an Affiliate of Extreme to purchase the Property and BNPLC's interest in Escrowed Proceeds, if any, on the Designated Sale Date for a cash price equal to the Break Even Price (as defined below).

(2) If neither Extreme nor an Affiliate of Extreme purchases the Property and BNPLC's interest in any Escrowed Proceeds on the Designated Sale Date as provided in the preceding

subparagraph 1.(A)(1), then Extreme shall have the following rights and obligations (collectively, "Extreme's Initial Remarketing Rights and Obligations"):

(a) First, Extreme shall have the right (but not the obligation) to cause an Applicable Purchaser who is not an Affiliate of Extreme to purchase the Property and BNPLC's interest in any Escrowed Proceeds on the Designated Sale Date for a cash purchase price (the "Third Party Price") determined as provided below. If, however, the Break Even Price exceeds the sum of any Third Party Price tendered or to be tendered to BNPLC by an Applicable Purchaser and any Supplemental Payment paid by Extreme as described below, then BNPLC may affirmatively elect to decline such tender from the Applicable Purchaser and to keep the Property and any Escrowed Proceeds rather than sell to the Applicable Purchaser pursuant to this subparagraph (a "Voluntary Retention of the Property").

(b) Second, if the Third Party Price actually paid by an Applicable Purchaser to BNPLC on the Designated Sale Date exceeds the Break Even Price, Extreme shall be entitled to such excess, subject, however, to BNPLC's right to offset against such excess any and all sums that are then due from Extreme to BNPLC under the other Operative Documents.

(c) Third, if for any reason whatsoever (including a Voluntary Retention of the Property or a decision by Extreme not to exercise its right to purchase or cause an Applicable Purchaser to purchase from BNPLC as described above) neither Extreme nor an Applicable Purchaser pays a net cash price to BNPLC on the Designated Sale Date equal to or in excess of the Break Even Price in connection with a sale of the Property and BNPLC's interest in any Escrowed Proceeds pursuant to this Agreement, then Extreme shall have the obligation to pay to BNPLC on the Designated Sale Date a supplemental payment (the "Supplemental Payment") equal to the lesser of (1) the amount by which the Break Even Price exceeds such net cash price (if any) actually received by BNPLC on the Designated Sale Date (such excess being hereinafter called a "Deficiency") or (2) the Maximum Remarketing Obligation. As used herein, the "Maximum Remarketing Obligation" means a dollar amount determined in accordance with the following provisions:

1) The "Maximum Remarketing Obligation" will equal the product of (i) Stipulated Loss Value on the Designated Sale Date, times (ii) 100% minus the Residual Risk Percentage, provided that both of the following conditions are satisfied:

(x) Extreme shall not have elected to accelerate the Designated Sale Date as provided in clause (2) of the definition of Designated Sale Date in the Common Definitions and Provisions Agreement (Improvements).

(y) No Event of Default, other than an Issue 97-1 Non-performance-related Subjective Event of Default, shall occur on or be continuing on the Designated Sale Date.

2) If either of the conditions listed in subparagraph 1) preceding are not satisfied, the "Maximum Remarketing Obligation" will equal the Break Even Price.

If any Supplemental Payment or other amount payable to BNPLC pursuant to this subparagraph 1. (A) is not actually paid to BNPLC on the Designated Sale Date, Extreme shall pay interest on the past due amount computed at the Default Rate from the Designated Sale Date.

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(B) Determinations Concerning Price.

(1) Determination of the Break Even Price. As used herein,

"Break Even Price" means an amount equal, on the Designated Sale Date, to Stipulated Loss Value, plus all out-of-pocket costs and expenses (including appraisal costs, withholding taxes (if any) not constituting Excluded Taxes, and Attorneys' Fees) incurred by BNPLC in connection with any sale of BNPLC's interests in the Property under this Agreement or in connection with collecting payments due hereunder, but less the aggregate amounts (if

any) of Direct Payments to Participants and Deposit Taker Losses.

(2) Determination of Third Party Price. The Third Party Price

required of any Applicable Purchaser purchasing from BNPLC under subparagraph 1. (A) (2) (a) will be determined as follows:

(a) Extreme may give a notice (a "Remarketing Notice") to BNPLC and to each of the Participants no earlier than one hundred twenty days before the Designated Sale Date and no later than ninety days before the Designated Sale Date, specifying an amount as the Third Party Price that Extreme believes in good faith to constitute reasonably equivalent value for the Property and any Escrowed Proceeds. Once given, a Remarketing Notice shall not be rescinded or modified without BNPLC's written consent.

(b) If BNPLC believes in good faith that the Third Party Price specified by Extreme in a Remarketing Notice does not constitute reasonably equivalent value for the Property and any Escrowed Proceeds, BNPLC may at any time before sixty days prior to the Designated Sale Date respond to the Remarketing Notice with a notice back to Extreme, objecting to the Third Party Price so specified by Extreme. If BNPLC receives a Remarketing Notice, yet does not respond with an objection as provided in the preceding sentence, the Third Party Price suggested by Extreme in the Remarketing Notice will be the Third Party Price for purposes of this Agreement. If, however, BNPLC does respond with an objection as provided in this subparagraph, and if Extreme and BNPLC do not otherwise agree in writing upon a Third Party Price, then the Third Party Price will be the lesser of (I) fair market value of the Property, plus the amount of any Escrowed Proceeds, as determined by a professional independent appraiser selected by BNPLC, or (II) the Break Even Price.

(c) If for any reason, including an acceleration of the Designated Sale Date as provided in the definition thereof in the Common Definitions and Provisions Agreement (Improvements), Extreme does not deliver a Remarketing Notice to BNPLC within the time period specified above, then the Third Party Price will be an amount determined in good faith by BNPLC as constituting reasonably equivalent value for the Property and any Escrowed Proceeds, but in no event more than the Break Even Price.

If any payment to BNPLC by an Applicable Purchaser hereunder is held to constitute a preference or a voidable transfer under Applicable Law, or must for any other reason be refunded by BNPLC to the Applicable Purchaser or to another Person, and if such payment to BNPLC reduced or had the effect of reducing a Supplemental Payment or increased or had the effect of increasing any excess sale proceeds paid to Extreme pursuant to subparagraph 1(A)(2)(b) or pursuant to subparagraph 2.(D), then Extreme shall pay to BNPLC upon demand an amount equal to the reduction of the Supplemental Payment or to the increase of the excess sale proceeds paid to Extreme, as applicable, and this Agreement shall continue to be effective or shall be reinstated as necessary to permit BNPLC to enforce its right to collect such amount from Extreme.

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(C) Designation of the Purchaser. To give BNPLC the opportunity

before the Designated Sale Date to prepare the deed and other documents that BNPLC must tender pursuant to Paragraph 3 (collectively, the "Sale Closing Documents"), Extreme must, by a notice to BNPLC given at least seven days prior to the Designated Sale Date, specify irrevocably, unequivocally and with particularity the party who will purchase the Property in order to satisfy the obligations of Extreme set forth in subparagraph 1(A). If for any reason Extreme fails to so specify a party who will in accordance with the terms and conditions set forth herein purchase the Property (be it Extreme itself, an Affiliate of Extreme or another Applicable Purchaser), BNPLC shall be entitled to postpone the tender of the Sale Closing Documents until a date after the Designated Sale Date and not more than twenty days after Extreme finally does so specify a party, but such postponement will not relieve or postpone the obligation of Extreme to make a Supplemental Payment on the Designated Sale Date as provided in Paragraph 1. (A) (2) (c).

(D) Effect of the Purchase Option and Extreme's Initial Remarketing

Rights and Obligations on Subsequent Title Encumbrances. Any conveyance of the

Property to Extreme or any Applicable Purchaser pursuant to this Paragraph 1.(A) shall cut off and terminate any interest in the Improvements or other Property claimed by, through or under BNPLC, including any interest claimed by the Participants and including any Liens Removable by BNPLC (such as, but not limited to, any judgment liens established against the Property because of a judgment rendered against BNPLC and any leasehold or other interests conveyed by BNPLC in the ordinary course of BNPLC's business), but not including personal obligations of Extreme to BNPLC under the Improvements Lease or other Operative Documents (including obligations arising under the indemnities therein). Anyone accepting or taking any interest in the Property by or through BNPLC after the date of this Agreement shall acquire such interest subject to the Purchase Option and Extreme's Initial Remarketing Rights and Obligations. Further, Extreme and any Applicable Purchaser shall be entitled to pay any payment required by this Agreement for the purchase of the Property directly to BNPLC notwithstanding any prior conveyance or assignment by BNPLC, voluntary or otherwise, of any right or interest in this Agreement or the Property, and neither Extreme nor any Applicable Purchaser shall be responsible for the proper distribution or application of any such payments by BNPLC; and any such payment to BNPLC shall discharge the obligation of Extreme to cause such payment to all Persons claiming an interest in such payment. Contemporaneously with the execution of this Agreement, the parties shall record a memorandum of this Agreement for purposes of effecting constructive notice to all Persons of Extreme's rights under this Agreement, including its rights under this subparagraph.

(E) Security for the Purchase Option and Extreme's Initial

Remarketing Rights and Obligations. To secure BNPLC's obligation to sell the

Property pursuant to Paragraph 1.(A) and to pay any damages to Extreme caused by a breach of such obligations, including any such breach caused by a rejection or termination of this Agreement in any bankruptcy or insolvency proceeding instituted by or against BNPLC, as debtor, BNPLC does hereby grant to Extreme a lien and security interest against all rights, title and interests of BNPLC from time to time in and to the Improvements and other Property. Extreme may enforce such lien and security interest judicially after any such breach by BNPLC, but not otherwise. Contemporaneously with the execution of this Agreement, Extreme

and BNPLC will execute a memorandum of this Agreement which is in recordable form and which specifically references the lien granted in this subparagraph, and Extreme shall be entitled to record such memorandum at any time prior to the Designated Sale Date.

(F) Delivery of Books and Records If BNPLC Retains the Property.

Unless Extreme or its Affiliate or another Applicable Purchaser purchases the Property pursuant to Paragraph 1.(A), promptly after the Designated Sale Date Extreme shall deliver to BNPLC copies of all plans and specifications for the Property prepared in connection with any Initial Renovations made as contemplated by the Improvements Lease, together with all other books and records of Extreme which will be necessary or useful to any future owner's or occupant's use of the Property in the manner permitted by the Improvements Lease.

2. EXTREME'S RIGHTS AND OPTIONS AFTER THE DESIGNATED SALE DATE.

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(A) Extreme's Extended Right to Remarket. During the two years

following the Designated Sale Date ("Extreme's Extended Remarketing Period"), Extreme shall have the right ("Extreme's Extended Remarketing Right") to cause an Applicable Purchaser who is not an Affiliate of Extreme to purchase the Property for a cash purchase price not below the Minimum Extended Remarketing Price (as defined below). Extreme's Extended Remarketing Right shall, however, be subject to all of the following conditions:

(1) The Property and BNPLC's interest in Escrowed Proceeds, if any, shall not have been sold on the Designated Sale Date as provided in Paragraph 1 or within the thirty days thereafter as provided in subparagraph 4.(B).

(2) No Voluntary Retention of the Property shall have occurred as described in subparagraph 1.(A)(2)(a).

(3) Extreme's Extended Remarketing Right shall not have been terminated pursuant to subparagraph 4.(B) below because of Extreme's failure to make any Supplemental Payment required on the Designated Sale Date.

(4) Extreme's Extended Remarketing Right shall not have been terminated by BNPLC pursuant to subparagraph 4.(C) below to facilitate BNPLC's sale of the Property to a third party in accordance with subparagraph 2.(C).

(5) At least thirty days prior to the date upon which BNPLC is to convey the Property to an Applicable Purchaser because of Extreme's exercise of Extreme's Extended Remarketing Right (the "Final Sale Date"), Extreme shall have notified BNPLC of (x) the date proposed by Extreme as the Final Sale Date (which must be a Business Day), (y) the full legal name of the Applicable Purchaser and such other information as will be required to prepare the Sale Closing Documents, and (z) the amount of the purchase price that the Applicable Purchaser will pay (consistent with the minimum required pursuant to the other provisions of this subparagraph 2.(A)) for the Property.

(B) Definition of Minimum Extended Remarketing Price. As used herein,

the "Minimum Extended Remarketing Price" means, subject to reduction as provided in subparagraph 2.(C) below, an amount equal to the sum of the following:

(1) the amount by which the Break Even Price computed on the Designated Sale Date exceeds any Supplemental Payment actually paid to BNPLC on the Designated Sale Date, together with interest on such excess computed at the Default Rate from the period commencing on the Designated Sale Date and ending on the Final Sale Date, plus

(2) all out-of-pocket costs and expenses (including withholding taxes [if any], other than Excluded Taxes, and Attorneys' Fees) incurred by BNPLC in connection with the sale to the Applicable Purchaser, to the extent not already included in the computation of Break Even Price, and

plus

(3) the sum of all Impositions, insurance premiums and other Losses of every kind suffered or incurred by BNPLC or any other Interested Party with respect to the ownership, operation or maintenance of the Property on or after the Designated Sale Date, together with interest on such Impositions, insurance premiums and other Losses computed at the Default Rate from the date paid or incurred to the Final Sale Date.

If, however, Losses described in the preceding clause (3) consist of claims against BNPLC or another Interested Party that have not been liquidated prior to the Final Sale Date (and, thus, such Losses have yet to be fixed in

amount as of the Final Sale Date), then Extreme may elect to exclude any such Losses from the computation of the Minimum Extended Remarketing Price by providing to BNPLC, for the benefit of BNPLC and other Interested Parties, a written agreement to indemnify and defend BNPLC and other Interested Parties against such Losses. To be effective hereunder for purposes of reducing the Minimum Extended Remarketing Price (and, thus, the Break Even Price), any such written indemnity must be fully executed and delivered by Extreme on or prior to the Final Sale Date, must include provisions comparable to subparagraphs

5(c) (ii), (iii), (iv) and (v) of the Improvements Lease and otherwise must be in

form and substance satisfactory to BNPLC.

(C) BNPLC's Right to Sell. After the Designated Sale Date, if the

Property has not already been sold by BNPLC pursuant to Paragraph 1 or this Paragraph 2, BNPLC shall have the right to sell the Property or offer the Property for sale to any third party on any terms believed to be appropriate by BNPLC in its sole good faith business judgment; provided, however, that so long as the conditions to Extreme's Extended Remarketing Rights specified in subparagraph 2.(A) continue to be satisfied:

(1) BNPLC shall not sell the Property to an Affiliate of BNPLC on terms less favorable than those which BNPLC would require from a prospective purchaser not an Affiliate of BNPLC;

(2) If BNPLC receives or desires to make a written proposal (whether in the form of a "letter of intent" or other nonbinding expression of interest or in the form of a more definitive purchase and sale agreement) for a sale of the Property to a prospective purchaser (a "Third Party Sale Proposal"), and if on the basis of such Third Party Sale Proposal BNPLC expects to enter into or to pursue negotiations for a definitive purchase and sale agreement with the prospective purchaser, then prior to executing any such definitive agreement, BNPLC shall submit the Third Party Sale Proposal to Extreme with a notice (the "Third Party Sale Notice") explaining that (A) BNPLC is then prepared to accept a price not below an amount specified in such Third Party Sale Notice (the "Third Party Target Price") if BNPLC and the prospective purchaser reach agreement on other terms and conditions to be incorporated into a definitive purchase and sale agreement, and (B) Extreme's Extended Remarketing Right may be terminated pursuant to subparagraph 4.(C) of this Agreement unless Extreme causes an Applicable Purchaser to consummate a purchase of the Property pursuant to this Paragraph 2 within ninety days after the date of such Third Party Sale Notice.

For a period of ninety days (but only ninety days) after the date of any Third Party Sale Notice, the Minimum Extended Remarketing Price shall be limited in amount so that it does not exceed the Third Party Target Price specified by BNPLC therein. Accordingly, if BNPLC has delivered a Third Party Sale Notice specifying a Third Party Target Price below the Minimum Extended Remarketing Price calculated as provided in subparagraph 2.(B) within the ninety days prior to the Final Sale Date for any sale to an Applicable Purchaser by BNPLC pursuant to this Paragraph 2, then the Minimum Extended Remarketing Price applicable to such sale shall be reduced to the amount of the Third Party Target Price so specified. Such a reduction, however, will apply only to a sale to an Applicable Purchaser actually consummated within the ninety days after the date of the applicable Third Party Sale Notice.

(D) Extreme's Right to Excess Sales Proceeds. If the cash price

actually paid by any third party purchasing the Property from BNPLC during Extreme's Extended Remarketing Period, including any price paid by an Applicable Purchaser purchasing from BNPLC pursuant to this Paragraph 2, exceeds the Minimum Extended Remarketing Price (calculated as provided in subparagraph 2.(B), without reduction pursuant to subparagraph 2.(C)), then Extreme shall be entitled to the excess; provided, that BNPLC may offset and retain from the excess any and all sums that are then due and unpaid from Extreme to BNPLC under any of the Operative Documents.

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(E) Permitted Transfers During Extreme's Extended Remarketing Period.

Any "Permitted Transfer" described in clause (6) of the definition thereof in -----
the Common Definitions and Provisions Agreement (Improvements) to an Affiliate of BNPLC or that covers BNPLC's entire interest in the Improvements will be subject to Extreme's Extended Remarketing Right if, at the time of the Permitted Transfer, Extreme's Extended Remarketing Right has not expired or been terminated as provided herein. Any other Permitted Transfer described in clause (6) of the definition thereof, however, will not be subject to Extreme's Extended Remarketing Right. Thus, for example, BNPLC's conveyance of a utility easement or space lease more than thirty days after the Designated Sale Date to a Person not an Affiliate of BNPLC shall not be subject to Extreme's Extended Remarketing Right, though following the conveyance of the lesser estate, Extreme's Extended Remarketing Right may continue to apply to BNPLC's remaining interest in the Improvements and any Personal Property.

3. TERMS OF CONVEYANCE UPON PURCHASE. As necessary to consummate any sale of the Property to Extreme or an Applicable Purchaser pursuant to this Agreement, BNPLC must, subject to any postponement permitted by subparagraph 1.(C), promptly after the tender of the purchase price and any other payments to BNPLC required pursuant to Paragraph 1 or Paragraph 2 (as applicable), and this Paragraph 3 (as applicable), convey all of BNPLC's right, title and interest in the Improvements and other Property to Extreme or the Applicable Purchaser, as the case may be, by BNPLC's execution, acknowledgment (where appropriate) and delivery of the Sale Closing Documents. Such conveyance by BNPLC will be subject only to the Permitted Encumbrances and any other encumbrances that do not constitute Liens Removable by BNPLC. However, such conveyance shall not include the rights of BNPLC or other Interested Parties under the indemnities provided in the Operative Documents, including rights to any payments then due from Extreme under the indemnities or that may become due thereafter because of any expense or liability incurred by BNPLC or another Interested Party resulting in whole or in part from events or circumstances occurring or alleged to have occurred before such conveyance. All costs, both foreseen and unforeseen, of any purchase by Extreme or an Applicable Purchaser hereunder shall be the responsibility of the purchaser. The Sale Closing Documents used to accomplish such conveyance shall consist of the following: (1) a Corporation Grant Deed in the form attached as Exhibit B-1 or Exhibit B-2 or Exhibit B-3, as required by

Exhibit B, (2) a Bill of Sale and Assignment in the form attached as Exhibit C,

(3) an Acknowledgment of Disclaimer of Representations and Warranties, in the form attached as Exhibit D, which Extreme or the Applicable Purchaser must

execute and return to BNPLC, (4) a Secretary's Certificate in the form attached as Exhibit E, and (5) a certificate concerning tax withholding in the form

attached as Exhibit F. If for any reason BNPLC fails to tender the Sale Closing

Documents as required by this Paragraph 3, BNPLC may cure such refusal at any time before thirty days after receipt of a demand for such cure from Extreme.

4 SURVIVAL AND TERMINATION OF THE RIGHTS AND OBLIGATIONS OF EXTREME AND BNPLC.

(A) Status of this Agreement Generally. Except as expressly provided

herein, this Agreement shall not terminate; nor shall Extreme have any right to terminate this Agreement; nor shall Extreme be entitled to any reduction of the Break Even Price, any Deficiency, the Maximum Remarketing Obligation, any

Supplemental Payment or the Minimum Extended Remarketing Price hereunder; nor shall the obligations of Extreme to BNPLC under Paragraph 1 be affected, by reason of (i) any damage to or the destruction of all or any part of the Property from whatever cause (though it is understood that Extreme will receive any remaining Escrowed Proceeds yet to be applied as provided in the Improvements Lease that may result from such damage if Extreme purchases the Property and the Escrowed Proceeds as herein provided), (ii) the taking of or damage to the Property or any portion thereof by eminent domain or otherwise for any reason (though it is understood that Extreme will receive any remaining Escrowed Proceeds yet to be applied as provided in the Improvements Lease that may result from such taking or damage if Extreme purchases the Property and the Escrowed Proceeds as herein provided), (iii) the prohibition, limitation or restriction of Extreme's use of all or any portion of the Property or any interference with such use by governmental action or otherwise, (iv) any eviction of Extreme or any party claiming under Extreme by paramount title or otherwise, (v) Extreme's prior acquisition or ownership of any interest in the Property, (vi) any default on the part of BNPLC under this Agreement, the Improvements Lease or any other agreement to which

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BNPLC is a party, or (vii) any other cause, whether similar or dissimilar to the foregoing, any existing or future law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Extreme hereunder (including the obligation to make any Supplemental Payment as provided in Paragraph 1) shall be separate and independent covenants and agreements from BNPLC's obligations under this Agreement or any other agreement between BNPLC and Extreme; provided, however, that nothing in this subparagraph shall excuse BNPLC from its obligation to tender the Sale Closing Documents in substantially the form attached hereto as exhibits when required by Paragraph 3. Further, nothing in this subparagraph shall be construed as a waiver by Extreme of any right Extreme may have at law or in equity to the following remedies, whether because of BNPLC's failure to remove a Lien Removable by BNPLC or because of any other default by BNPLC under this Agreement: (i) the recovery of monetary damages, (ii) injunctive relief in case of the violation, or attempted or threatened violation, by BNPLC of any of the express covenants, agreements, conditions or provisions of this Agreement which are binding upon BNPLC, or (iii) a decree compelling performance by BNPLC of any of the express covenants, agreements, conditions or provisions of this Agreement which are binding upon BNPLC.

(B) Automatic Termination of Extreme's Rights. Without limiting

BNPLC's right to enforce Extreme's obligation to pay any Supplemental Payment or other amounts required by this Agreement, the rights of Extreme (to be distinguished from the obligations of Extreme) included in Extreme's Initial Remarketing Rights and Obligations, the Purchase Option and Extreme's Extended Remarketing Rights shall all terminate automatically if Extreme shall fail to pay the full amount of any Supplemental Payment required by subparagraph 1.(A)(2)(c) on the Designated Sale Date or if BNPLC shall elect a Voluntary Retention of the Property as provided in subparagraph 1.(A)(2)(a). Notwithstanding anything in this subparagraph to the contrary, however, even after a failure to pay any required Supplemental Payment on the Designated Sale Date, Extreme may nonetheless tender to BNPLC the full Break Even Price and all amounts then due under the Operative Documents, together with interest on the total Break Even Price computed at the Default Rate from the Designated Sale Date to the date of tender, on any Business Day within thirty days after the Designated Sale Date, and if presented with such a tender within thirty days after the Designated Sale Date, BNPLC must accept it and promptly thereafter deliver any Escrowed Proceeds and the Sale Closing Documents listed in Paragraph 3 to Extreme.

(C) Termination of Extreme's Extended Remarketing Rights to Permit a

Sale by BNPLC. At any time more than ninety days after BNPLC has delivered a

Third Party Sale Notice to Extreme as described in subparagraph 2.(C)(2), BNPLC may terminate Extreme's Extended Remarketing Rights contemporaneously with the consummation of a sale of the Property by BNPLC to any third party (be it the prospective purchaser named in the Third Party Sale Notice or another third party) at a price equal to or in excess of the Third Party Target Price specified in the Third Party Sale Notice, so as to permit the sale of the Property unencumbered by Extreme's Extended Remarketing Rights.

(D) Payment Only to BNPLC. All amounts payable under this Agreement

by Extreme and, if applicable, by an Applicable Purchaser must be paid directly to BNPLC, and no payment to any other party shall be effective for the purposes of this Agreement. In addition to the payments required under subparagraph 1. (A), on the Designated Sale Date Extreme must pay all amounts then due to BNPLC under the Land Lease or other Operative Documents. This subparagraph shall not, however, be construed to limit Extreme's right to require the deduction of Direct Payments to Participants and Deposit Taker Losses in the calculation of the Break Even Price as provided in subparagraph 1. (B) (1).

In additional to the payments required under subparagraph 1. (A), on the Designated Sale Date Extreme must pay all amounts then due to BNPLC under the Improvements Lease or other Operative Documents.

(E) Remedies Under the Other Operative Documents. No repossession of

or re-entering upon the Property or exercise of any other remedies available to BNPLC under the Land Lease or other Operative Documents shall terminate Extreme's rights or obligations hereunder, all of which shall survive BNPLC's exercise of remedies under the other Operative Documents. Extreme acknowledges that the consideration for this Agreement is separate and independent of the consideration for the Land Lease and the Closing

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Certificate, and Extreme's obligations hereunder shall not be affected or impaired by any event or circumstance that would excuse Extreme from performance of its obligations under such other Operative Documents.

(F) Occupancy by Extreme Prior to Closing of a Sale. Prior to the

closing of any sale of the Property to Extreme or an Applicable Purchaser hereunder, Extreme's occupancy of the Land and its use of the Property shall continue to be subject to the terms and conditions of the Land Lease, including the terms setting forth Extreme's obligation to pay rent, prior to any termination or expiration of the Land Lease pursuant to its express terms and conditions.

5 SECURITY FOR EXTREME'S OBLIGATIONS; RETURN OF FUNDS. Extreme's obligations under this Agreement are secured by the Pledge Agreement, reference to which is hereby made for a description of the Collateral covered thereby and the rights and remedies provided to BNPLC thereby. Although the collateral agent appointed for BNPLC as provided in the Pledge Agreement shall be entitled to hold all Collateral as security for the full and faithful performance by Extreme of Extreme's covenants and obligations under this Agreement, the Collateral shall not be considered an advance payment of the Break Even Price or any Supplemental Payment or a measure of BNPLC's damages should Extreme breach this Agreement. If Extreme does breach this Agreement and fails to cure the same within any time specified herein for the cure, BNPLC may, from time to time, without prejudice to any other remedy and without notice to Extreme, require the collateral agent to immediately apply the proceeds of any disposition of the Collateral (and any cash included in the Collateral) to amounts then due hereunder from Extreme. If by a Permitted Transfer BNPLC conveys its interest in the Property before the Designated Sale Date, BNPLC may also assign BNPLC's interest in the Collateral to the transferee. BNPLC shall be entitled to return any Collateral not sold or used to satisfy the obligations secured by the Pledge Agreement directly to Extreme notwithstanding any prior actual or attempted conveyance or assignment by Extreme, voluntary or otherwise, of any right to receive the same; neither BNPLC nor the collateral agent named in the Pledge Agreement shall be responsible for the proper distribution or application by Extreme of any such Collateral returned to Extreme; and any such return of Collateral to Extreme shall discharge any obligation of BNPLC to deliver such Collateral to all Persons claiming an interest in the Collateral. Further, BNPLC shall be entitled to deliver any Escrowed Proceeds it holds on the Designated Sale Date directly to Extreme or to any Applicable Purchaser purchasing BNPLC's interest in the Property and the Escrowed Proceeds pursuant to this Agreement notwithstanding any prior actual or attempted conveyance or assignment by Extreme, voluntary or otherwise, of any right to receive the same; BNPLC shall not be responsible for the proper distribution or application by Extreme or any Applicable Purchaser of any such Escrowed Proceeds paid over to Extreme or the Applicable Purchaser; and any such payment of Escrowed Proceeds to Extreme or an Applicable Purchaser shall discharge any obligation of BNPLC to deliver the same to all Persons claiming an interest therein.

6 CERTAIN REMEDIES CUMULATIVE. No right or remedy herein conferred upon or reserved to BNPLC is intended to be exclusive of any other right or remedy BNPLC has with respect to the Property, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute. In addition to other remedies available under this Agreement, either party shall be entitled, to the extent permitted by applicable law, to a decree compelling performance of any of the other party's agreements hereunder.

7 ATTORNEYS' FEES AND LEGAL EXPENSES. If either party to this Agreement commences any legal action or other proceeding to enforce any of the terms of this Agreement, or because of any breach by the other party or dispute hereunder, the party prevailing in such action or proceeding shall be entitled to recover from the other party all Attorneys' Fees incurred in connection therewith, whether or not such controversy, claim or dispute is prosecuted to a final judgment. Any such Attorneys' Fees incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from such judgment, and the obligation for such Attorneys' Fees is intended to be severable from other provisions of this Agreement and not to be merged into any such judgment.

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8 ESTOPPEL CERTIFICATE. Upon request by BNPLC, Extreme shall execute, acknowledge and deliver a written statement certifying that this Agreement is unmodified and in full effect (or, if there have been modifications, that this Agreement is in full effect as modified, and setting forth such modification) and either stating that no default exists hereunder or specifying each such default of which Extreme has knowledge. Any such statement may be relied upon by any Participant or prospective purchaser or assignee of BNPLC with respect to the Property.

9 SUCCESSORS AND ASSIGNS. The terms, provisions, covenants and conditions hereof shall be binding upon Extreme and BNPLC and their respective permitted successors and assigns and shall inure to the benefit of Extreme and BNPLC and all permitted transferees, mortgagees, successors and assignees of Extreme and BNPLC with respect to the Property; provided, that (A) the rights of BNPLC hereunder shall not pass to Extreme or any Applicable Purchaser or any subsequent owner claiming through Extreme or an Applicable Purchaser, (B) BNPLC shall not assign this Agreement or any rights hereunder except pursuant to a Permitted Transfer, and (C) Extreme shall not assign this Agreement or any rights hereunder without the prior written consent of BNPLC.

[Signature pages follow.]

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IN WITNESS WHEREOF, Extreme and BNPLC have caused this Agreement to be executed as of June 1, 2000.

"Extreme"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[Continuation of signature pages to Purchase Agreement (Land) dated to be effective June 1, 2000]

"BNPLC"

BNP LEASING CORPORATION

By: _____
Lloyd G. Cox, Vice President

Exhibit A

LEGAL DESCRIPTION

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

Exhibit B

Requirements Re: Form of Grant Deed and Ground Lease

The form of deed to be used to convey BNPLC's interest in the Land to Extreme or an Applicable Purchaser will depend upon whether BNPLC's interest in the Improvements has been or is being conveyed at the same time to the same party.

If BNPLC's interests in both the Land and the Improvements are to be conveyed to Extreme or an Applicable Purchaser at the same time, because a sale under this Purchase Agreement and a sale under the Other Purchase Agreement (covering the Improvements) are being consummated at the same time and to the same party, then the one deed in form attached as Exhibit B-1 will be used to convey both.

If, however, a sale of BNPLC's interest in the Improvements pursuant to the Other Purchase Agreement has not been consummated before, and is not being consummated contemporaneously with the sale of BNPLC's interest in the Land under this Agreement, then BNPLC's interest in the Land will be conveyed by a deed in the form attached as Exhibit B-2, and BNPLC and the grantee under such deed shall, as a condition to BNPLC's obligation to deliver the deed, execute and deliver a Ground Lease covering the Land in the form attached hereto as Exhibit B-3.

Finally, BNPLC's interest in the Land will be conveyed by a deed in the form attached as Exhibit B-4 if BNPLC's interest in the Improvements has been sold pursuant to the Other Purchase Agreement before a sale of BNPLC's interest in the Land under this Agreement, or if BNPLC's interest in the Improvements is being sold contemporaneously with a sale of BNPLC's interest in the Land, but the purchaser of the Improvements is not the same as the purchaser of the Land.

Exhibit B-1

CORPORATION GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NAME: [Extreme or the Applicable Purchaser]
ADDRESS: _____
ATTN: _____
CITY: _____
STATE: _____
Zip: _____

MAIL TAX STATEMENTS TO:

NAME: [Extreme or the Applicable Purchaser]

ADDRESS: _____

ATTN: _____

CITY: _____

STATE: _____

Zip: _____

CORPORATION GRANT DEED
(Covering Land and Improvements)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, BNP LEASING CORPORATION, a Delaware corporation ("Grantor"), hereby grants to [Extreme or the Applicable Purchaser] ("Grantee") all of Grantor's interest in the land situated in Santa Clara, California, described on Annex A attached hereto and hereby made a part hereof and all improvements on such land, together with the any other right, title and interest of Grantor in and to any easements, rights-of-way, privileges and other rights appurtenant to such land or the improvements thereon; provided, however, that this grant is subject to the encumbrances described on Annex B (the "Permitted Encumbrances"). Grantee hereby assumes the obligations (including any personal obligations) of Grantor, if any, created by or under, and agrees to be bound by the terms and conditions of, the Permitted Encumbrances to the extent that the same concern or apply to the land or improvements conveyed by this deed.

BNP LEASING CORPORATION

Date: As of _____

By: _____
Its: _____

Attest: _____
Its: _____

[Extreme or Applicable Purchaser]

Date: As of _____

By: _____
Its: _____

Attest: _____
Its: _____

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Exhibit B-1 - Page 2

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of

satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

Exhibit B-1 - Page 3

Annex A

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING NOTE" WILL BE DELETED BEFORE THE DEED TO WHICH THIS DESCRIPTION IS ATTACHED IS ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly line S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

Exhibit B-1 - Page 4

Annex B

Permitted Encumbrances

[DRAFTING NOTE: TO THE EXTENT THAT ENCUMBRANCES (OTHER THAN "LIENS REMOVABLE BY

BNPLC") ARE IDENTIFIED IN ADDITION TO THOSE DESCRIBED BELOW, SUCH ADDITIONAL ENCUMBRANCES WILL BE ADDED TO THE LIST BELOW AND THIS "DRAFTING NOTE" WILL BE DELETED BEFORE THIS DEED IS ACTUALLY EXECUTED AND DELIVERED BY BNPLC. SUCH ADDITIONAL ENCUMBRANCES WOULD INCLUDE ANY NEW ENCUMBRANCES APPROVED BY BNPLC AS "PERMITTED ENCUMBRANCES" UNDER THE LAND LEASE OR THE OTHER LEASE AGREEMENT FROM TIME TO TIME OR BECAUSE OF EXTREME'S REQUEST FOR BNPLC'S CONSENT OR APPROVAL TO AN ADJUSTMENT.]

This conveyance is subject to all encumbrances not constituting a "Lien Removable by BNPLC" (as defined in the Common Definitions and Provisions Agreement (Land) incorporated by reference into the Lease Agreement (Land) referenced in the last item of the list below), including the following matters to the extent the same are still valid and in force:

1. TAXES for the fiscal year 2000-2001, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, (commencing with Section 75) to the Revenue and Taxation Code of the State of California.

3. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara
For: electric wire overhang purposes
Recorded: November 28, 1960 in Book 4995, Page 160, Official Records
Affects: Northerly 5 feet of said land, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000

4. The fact that the ownership of said land does not include any right of ingress or egress to or from Lawrence Expressway contiguous thereto, said right having been relinquished by deed,
From: Jefferson Union Elementary School District of the County of Santa Clara
To: County of Santa Clara, State of California
Recorded: June 4, 1965 in Book 6982, Page 1, Official Records

Said land, however, abuts on a public street other than the one referred to above, over which rights of vehicular access have not been relinquished.

5. An Agreement, affecting said land, for the purposes stated herein and subject to the terms, covenants, conditions, restrictions, and easements, if any, contained therein
For: Postponed Traffic Signal Improvements
Dated: October 4, 1983
Executed by: City of Santa Clara, California, a municipal corporation and MPJ, a California partnership
Recorded: November 16, 1983 in Book I 070, Page 333, Official Records.

6. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: roadway purposes and public utilities
Recorded: November 30, 1983 in Book I 111, Page 606, Official Records
Affects: A portion of that certain 24.740 acre parcel of land as shown on that certain Record of Survey filed for record in Book 447 of Maps, at page 33, Santa Clara County Records, described as

Exhibit B-1 - Page 5 follows:

follows:

Beginning at a point in the Northerly line of Monroe Avenue, as shown on said map at the Westerly terminus of the course shown as N. 89 degrees 25 minutes 00 seconds E. 760.70; thence from said point of beginning along said Northerly line N. 89 degrees 25 minutes 00 seconds E. 760.70 feet and N. 2.00 feet; thence leaving said Northerly line along a line parallel with said course of N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 334.99 feet; thence leaving said parallel line N. 87 degrees 09 minutes 00 seconds W. 66.79 feet; thence along a line parallel with said course N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 359.00 feet; thence leaving said Westerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to a point of cusp in the Westerly line of said 24.740 acre parcel; thence along said Westerly line S. 0 degrees 00 minutes 27 seconds E. 6.00 feet; thence leaving said Westerly line along a tangent curve to the left, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to the point of beginning, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

7. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: underground electrical distribution and/or communication systems
Recorded: May 17, 1984 in Book I 552, Page 595, Official Records
Affects. as follows:

Parcel 1:

Commencing at the point of intersection of the Westerly line of that certain 24.74 acre parcel of land shown upon that Record of Survey filed for recorded August 10, 1979 in Book 447 of Maps, at page 33, Santa Clara County Records, with a line parallel with and 10 feet Southerly of, measured at right angles to, the Northerly line of said parcel; thence along said parallel line N. 89 degrees 25 minutes 00 seconds E. 107.00 feet; thence parallel with said Westerly line S. 0 degrees 00 minutes 27 seconds E. 319.16 feet; thence S. 34 degrees 02 minutes 45 seconds W. 87.51 feet, more or less, to intersection with a line parallel with and 58 feet Easterly of measured at right angles to, said Westerly line; thence along last said parallel line S. 0 degrees 00 minutes 27 seconds E. 294.30 feet, more or less, to intersection with a line parallel with and 5 feet Northerly of, measured at right angles to, the Northerly line of that real property conveyed to the City of Santa Clara by that deed filed for record November 30, 1983 in Book I 111 of Official Records, at page 606, said County Records; thence along last said parallel line the following three (3) courses: N. 89 degrees 25 minutes 00 seconds E. 351.81 feet; S. 87 degrees 09 minutes 00 seconds E. 66.79 feet; N. 89 degrees 25 minutes 00 seconds E. 334.69 feet; thence continuing parallel with the Southerly line of first said parcel N. 89 degrees 25 minutes 00 seconds E. 181.89 feet, more or less, to termination in the Easterly line of that certain parcel of real property conveyed to MPJ Partnership, by that Grant Deed filed for record August 25, 1983 in Book H 838 of Official Records, at page 215, said County Records.

Parcel 2:

A portion of said 24.74 acre parcel of land contiguous to and Northerly of said real property conveyed by deed recorded in Book I 111, at page 606, contiguous to and Westerly of hereinabove described strip of land and bounded on the North by a line parallel with and 5 feet Northerly of, measured at right angles to, that course N. 89 degrees 25 minutes 00 seconds E. 351.81 feet in the hereinabove described centerline.

Parcel 3:

A strip of land 10 feet in width and 30 feet in length of centerline of said strip being parallel with and 325.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on

Exhibit B-1 - Page 6

the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet, as the centerline of a strip of land 15 feet in width, to termination of said centerline and strip.

Parcel 4:

A strip of land 10 feet in width and 12 feet in length the centerline of said strip being parallel with and 116.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet in width, lying 5 feet Northerly and 10 feet Southerly of said parallel line to the Easterly terminus of said strip.

Parcel 5:

A strip of land 10 feet in width, the centerline of said strip being described as follows:

Commencing at the point of intersection of the Northerly line of first hereinabove described strip of land with a line parallel with and 824.5 feet Easterly of, measured at right angles to, that course in the Westerly boundary of said 24.75 acre parcel bearing N. 0 degrees 00 minutes 27 seconds W.; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 367.96 feet, more or less, to a line parallel with and 327 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel; thence along last said parallel line S. 89 degrees 25 minutes 00 seconds W. 78 feet to a line

parallel with and 746.5 feet Easterly of, measured at right angles to, said Westerly line of the 24.74 acre parcel; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 203 feet; thence continuing as the centerline of a strip of land 15 feet in width N. 0 degrees 00 minutes 27 seconds W. 15 feet, more or less, to termination of said strip and centerline in a line parallel with and 109 feet Southerly of, measured at right angles to, last said Northerly line.

Parcel 6:

A 15 foot square parcel of land contiguous to and Southerly of last hereinabove described 10 foot wide strip of land and centered on the Southerly prolongation of hereinabove mentioned course N. 0 degrees 00 minutes 27 seconds W. 203 feet, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

8. Lease Agreement (Land) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee, and Lease Agreement (Improvements) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee.

Exhibit B-1 - Page 7

Exhibit B-2

CORPORATION GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NAME: [Extreme or the Applicable Purchaser]
ADDRESS: _____
ATTN: _____
CITY: _____
STATE: _____
Zip: _____

MAIL TAX STATEMENTS TO:

NAME: [Extreme or the Applicable Purchaser]
ADDRESS: _____
ATTN: _____
CITY: _____
STATE: _____
Zip: _____

CORPORATION GRANT DEED

(Covering Improvements but not the Land under the Improvements)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, BNP LEASING CORPORATION, a Delaware corporation ("Grantor"), hereby grants to [Extreme or the Applicable Purchaser] ("Grantee") all of Grantor's interest in the buildings and other improvements (the "Improvements") on the land situated in Santa Clara, California, described on Annex A attached hereto and hereby made a part hereof (the "Land"), together with the any other right, title and interest of Grantor in and to any easements, rights-of-way, privileges and other rights appurtenant to the Improvements; provided, however, that this grant is subject to the encumbrances described on Annex B (the "Permitted Encumbrances") and any reservations or qualifications set forth below. Grantee hereby assumes the obligations (including any personal obligations) of Grantor, if any, created by or under, and agrees to be bound by the terms and conditions of, the Permitted Encumbrances to the extent that the same concern or apply to the Improvements.

Although this deed conveys Grantor's interest in the Improvements, this deed does not convey any interest in the Land under the Improvements or any rights or easements appurtenant to Improvements. Grantor retains and reserves all right, title and interest of Grantor in and to the Land and any rights and easements

appurtenant to Land. Further, this deed does not convey any right of access over or right to use the Land, it being understood that the right of Grantee or its successors and assigns to maintain or use the improvements conveyed hereby shall be on and subject to the terms and conditions of any separate ground lease or deed that Grantee may from time to time obtain from the owner of the Land. If Grantee does not obtain a separate deed or ground lease giving Grantee the authority to maintain the Improvements on the Land, Grantee shall remove or abandon the Improvements promptly upon request of the owner of the Land. Nothing herein or in the agreements pursuant to which this deed is being delivered shall be construed as an obligation on the part of Grantor to deliver or cooperate reasonably in obtaining for Grantee any deed or ground lease covering the Land described on Annex A.

BNP LEASING CORPORATION

Date: As of _____

By: _____
Its:

Attest: _____
Its:

[Extreme or Applicable Purchaser]

Date: As of _____

By: _____
Its:

Attest: _____
Its:

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S
CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY
SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING
NOTE" WILL BE DELETED BEFORE THE DEED TO WHICH THIS DESCRIPTION IS ATTACHED IS
ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of
Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain
Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County
Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said
point of beginning along the Northerly line of said 24.470 acre parcel N. 89
degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly
lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the
Southerly line of said 24.740 acre parcel; thence along said Southerly line the
following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00
feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said
Southerly line along a tangent curve to the right, with a radius of 50.00 feet,
through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of
79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence
along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to
the point of beginning.

Exhibit B-2 - Page 4

Annex B

Permitted Encumbrances

[DRAFTING NOTE: TO THE EXTENT THAT ENCUMBRANCES (OTHER THAN "LIENS REMOVABLE BY

BNPLC") ARE IDENTIFIED IN ADDITION TO THOSE DESCRIBED BELOW, SUCH ADDITIONAL
ENCUMBRANCES WILL BE ADDED TO THE LIST BELOW AND THIS "DRAFTING NOTE" WILL BE
DELETED BEFORE THIS DEED IS ACTUALLY EXECUTED AND DELIVERED BY BNPLC. SUCH
ADDITIONAL ENCUMBRANCES WOULD INCLUDE ANY NEW ENCUMBRANCES APPROVED BY BNPLC AS
"PERMITTED ENCUMBRANCES" UNDER THE LAND LEASE OR THE OTHER LEASE AGREEMENT FROM
TIME TO TIME OR BECAUSE OF EXTREME'S REQUEST FOR BNPLC'S CONSENT OR APPROVAL TO
AN ADJUSTMENT.]

This conveyance is subject to all encumbrances not constituting a "Lien
Removable by BNPLC" (as defined in the Common Definitions and Provisions
Agreement (Improvements) incorporated by reference into the Lease Agreement
(Improvements) referenced in the last item of the list below), including the
following matters to the extent the same are still valid and in force:

1. TAXES for the fiscal year 2000-2001, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to the
provisions of Chapter 3.5, (commencing with Section 75) to the Revenue
and Taxation Code of the State of California.
3. An easement affecting the portion of said land and for the purpose
stated herein and incidental purposes,
In Favor Of: City of Santa Clara
For: electric wire overhang purposes
Recorded: November 28, 1960 in Book 4995, Page 160, Official Records
Affects: Northerly 5 feet of said land, and as shown on the survey
prepared by Anthony C. McCants, L.S. 5944, dated
April 27, 2000, revised May 22, 2000
4. The fact that the ownership of said land does not include any right of
ingress or egress to or from Lawrence Expressway contiguous thereto,
said right having been relinquished by deed,
From: Jefferson Union Elementary School District of the County of Santa
Clara

To: County of Santa Clara, State of California
Recorded: June 4, 1965 in Book 6982, Page 1, Official Records

Said land, however, abuts on a public street other than the one referred to above, over which rights of vehicular access have not been relinquished.

5. An Agreement, affecting said land, for the purposes stated herein and subject to the terms, covenants, conditions, restrictions, and easements, if any, contained therein
For: Postponed Traffic Signal Improvements
Dated: October 4, 1983
Executed by: City of Santa Clara, California, a municipal corporation and MPJ, a California partnership
Recorded: November 16, 1983 in Book I 070, Page 333, Official Records.

6. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,

In Favor Of: City of Santa Clara, a municipal corporation
For: roadway purposes and public utilities
Recorded: November 30, 1983 in Book I 111, Page 606, Official Records
Affects: A portion of that certain 24.740 acre parcel of land as shown on that certain Record of Survey filed for record in Book 447 of Maps, at page 33, Santa Clara County Records, described as

Exhibit B-2 - Page 5

follows:

Beginning at a point in the Northerly line of Monroe Avenue, as shown on said map at the Westerly terminus of the course shown as N. 89 degrees 25 minutes 00 seconds E. 760.70; thence from said point of beginning along said Northerly line N. 89 degrees 25 minutes 00 seconds E. 760.70 feet and N. 2.00 feet; thence leaving said Northerly line along a line parallel with said course of N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 334.99 feet; thence leaving said parallel line N. 87 degrees 09 minutes 00 seconds W. 66.79 feet; thence along a line parallel with said course N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 359.00 feet; thence leaving said Westerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to a point of cusp in the Westerly line of said 24.740 acre parcel; thence along said Westerly line S. 0 degrees 00 minutes 27 seconds E. 6.00 feet; thence leaving said Westerly line along a tangent curve to the left, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to the point of beginning, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

7. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: underground electrical distribution and/or communication systems
Recorded: May 17, 1984 in Book I 552, Page 595, Official Records
Affects. as follows:

Parcel 1:

Commencing at the point of intersection of the Westerly line of that certain 24.74 acre parcel of land shown upon that Record of Survey filed for recorded August 10, 1979 in Book 447 of Maps, at page 33, Santa Clara County Records, with a line parallel with and 10 feet Southerly of, measured at right angles to, the Northerly line of said parcel; thence along said parallel line N. 89 degrees 25 minutes 00 seconds E. 107.00 feet; thence parallel with said Westerly line S. 0 degrees 00 minutes 27 seconds E. 319.16 feet; thence S. 34 degrees 02 minutes 45 seconds W. 87.51 feet, more or less, to intersection with a line parallel with and 58 feet Easterly of measured at right angles to, said Westerly line; thence along last said parallel line S. 0 degrees

00 minutes 27 seconds E. 294.30 feet, more or less, to intersection with a line parallel with and 5 feet Northerly of, measured at right angles to, the Northerly line of that real property conveyed to the City of Santa Clara by that deed filed for record November 30, 1983 in Book I 111 of Official Records, at page 606, said County Records; thence along last said parallel line the following three (3) courses: N. 89 degrees 25 minutes 00 seconds E. 351.81 feet; S. 87 degrees 09 minutes 00 seconds E. 66.79 feet; N. 89 degrees 25 minutes 00 seconds E. 334.69 feet; thence continuing parallel with the Southerly line of first said parcel N. 89 degrees 25 minutes 00 seconds E. 181.89 feet, more or less, to termination in the Easterly line of that certain parcel of real property conveyed to MPJ Partnership, by that Grant Deed filed for record August 25, 1983 in Book H 838 of Official Records, at page 215, said County Records.

Parcel 2:

A portion of said 24.74 acre parcel of land contiguous to and Northerly of said real property conveyed by deed recorded in Book I 111, at page 606, contiguous to and Westerly of hereinabove described strip of land and bounded on the North by a line parallel with and 5 feet Northerly of, measured at right angles to, that course N. 89 degrees 25 minutes 00 seconds E. 351.81 feet in the hereinabove described centerline.

Parcel 3:

A strip of land 10 feet in width and 30 feet in length of centerline of said strip being parallel with and 325.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on

Exhibit B-2 - Page 6

the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet, as the centerline of a strip of land 15 feet in width, to termination of said centerline and strip.

Parcel 4:

A strip of land 10 feet in width and 12 feet in length the centerline of said strip being parallel with and 116.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet in width, lying 5 feet Northerly and 10 feet Southerly of said parallel line to the Easterly terminus of said strip.

Parcel 5:

A strip of land 10 feet in width, the centerline of said strip being described as follows:

Commencing at the point of intersection of the Northerly line of first hereinabove described strip of land with a line parallel with and 824.5 feet Easterly of, measured at right angles to, that course in the Westerly boundary of said 24.75 acre parcel bearing N. 0 degrees 00 minutes 27 seconds W.; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 367.96 feet, more or less, to a line parallel with and 327 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel; thence along last said parallel line S. 89 degrees 25 minutes 00 seconds W. 78 feet to a line parallel with and 746.5 feet Easterly of, measured at right angles to, said Westerly line of the 24.74 acre parcel; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 203 feet; thence continuing as the centerline of a strip of land 15 feet in width N. 0 degrees 00 minutes 27 seconds W. 15 feet, more or less, to termination of said strip and centerline in a line parallel with and 109 feet Southerly of, measured at right angles to, last said Northerly line.

Parcel 6:

A 15 foot square parcel of land contiguous to and Southerly of last

hereinabove described 10 foot wide strip of land and centered on the Southerly prolongation of hereinabove mentioned course N. 0 degrees 00 minutes 27 seconds W. 203 feet, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

- 8. Lease Agreement (Land) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee, and Lease Agreement (Improvements) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee.

Exhibit B-2 - Page 7

Exhibit B-3

CORPORATION GRANT DEED

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

NAME: [Extreme or the Applicable Purchaser] ADDRESS: ATTN: CITY: STATE: Zip:

MAIL TAX STATEMENTS TO:

NAME: [Extreme or the Applicable Purchaser] ADDRESS: ATTN: CITY: STATE: Zip:

CORPORATION GRANT DEED (Covering Improvements but not Land under the Improvements)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, BNP LEASING CORPORATION, a Delaware corporation ("Grantor"), hereby grants to [Extreme or the Applicable Purchaser] ("Grantee") all of Grantor's interest in the buildings and other improvements (the "Improvements") on the land situated in Santa Clara, California, described on Annex A attached hereto and hereby made a part hereof (the "Land"), together with the any other right, title and interest of Grantor in and to any easements, rights-of-way, privileges and other rights appurtenant to the Improvements; provided, however, that this grant is subject to the encumbrances described on Annex B (the "Permitted Encumbrances") and any reservations or qualifications set forth below. Grantee hereby assumes the obligations (including any personal obligations) of Grantor, if any, created by or under, and agrees to be bound by the terms and conditions of, the Permitted Encumbrances to the extent that the same concern or apply to the Improvements.

Although this deed conveys Grantor's interest in the Improvements on the Land, this deed does not convey any interest in the Land itself or any rights or easements appurtenant to Land. Prior to or contemporaneously with the delivery of this deed, Grantor has conveyed or is conveying the Land and appurtenant rights and easements to another party, subject to the terms and conditions of a Ground Lease dated _____, filed or to be filed for record in the Santa Clara County records. Grantor is assigning it's rights as lessee under the Ground Lease to Grantee by a separate instrument dated of even date herewith.

BNP LEASING CORPORATION

Date: As of By: Its:

Attest: _____
Its: _____

[Extreme or Applicable Purchaser]

Date: As of _____

By: _____
Its: _____

Attest: _____
Its: _____

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Exhibit B-3 - Page 2

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____, personally appeared _____ and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Exhibit B-3 - Page 3

Annex A

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE LAND LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING NOTE" WILL BE DELETED BEFORE THE DEED TO WHICH THIS DESCRIPTION IS ATTACHED IS ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain

Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said point of beginning along the Northerly line of said 24.470 acre parcel N. 89 degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the Southerly line of said 24.740 acre parcel; thence along said Southerly line the following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00 feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said Southerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to the point of beginning.

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Annex B

Permitted Encumbrances

[DRAFTING NOTE: TO THE EXTENT THAT ENCUMBRANCES (OTHER THAN "LIENS REMOVABLE BY -----

BNPLC") ARE IDENTIFIED IN ADDITION TO THOSE DESCRIBED BELOW, SUCH ADDITIONAL ENCUMBRANCES WILL BE ADDED TO THE LIST BELOW AND THIS "DRAFTING NOTE" WILL BE DELETED BEFORE THIS DEED IS ACTUALLY EXECUTED AND DELIVERED BY BNPLC. SUCH ADDITIONAL ENCUMBRANCES WOULD INCLUDE ANY NEW ENCUMBRANCES APPROVED BY BNPLC AS "PERMITTED ENCUMBRANCES" UNDER THE LAND LEASE OR THE OTHER LEASE AGREEMENT FROM TIME TO TIME OR BECAUSE OF EXTREME'S REQUEST FOR BNPLC'S CONSENT OR APPROVAL TO AN ADJUSTMENT.]

This conveyance is subject to all encumbrances not constituting a "Lien Removable by BNPLC" (as defined in the Common Definitions and Provisions Agreement (Improvements) incorporated by reference into the Lease Agreement (Improvements) referenced in the last item of the list below), including the following matters to the extent the same are still valid and in force:

1. TAXES for the fiscal year 2000-2001, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, (commencing with Section 75) to the Revenue and Taxation Code of the State of California.
3. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara
For: electric wire overhang purposes
Recorded: November 28, 1960 in Book 4995, Page 160, Official Records
Affects: Northerly 5 feet of said land, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000
4. The fact that the ownership of said land does not include any right of ingress or egress to or from Lawrence Expressway contiguous thereto, said right having been relinquished by deed,
From: Jefferson Union Elementary School District of the County of Santa Clara
To: County of Santa Clara, State of California
Recorded: June 4, 1965 in Book 6982, Page 1, Official Records

Said land, however, abuts on a public street other than the one referred to above, over which rights of vehicular access have not been relinquished.
5. An Agreement, affecting said land, for the purposes stated herein and subject to the terms, covenants, conditions, restrictions, and easements, if any, contained therein
For: Postponed Traffic Signal Improvements
Dated: October 4, 1983
Executed by: City of Santa Clara, California, a municipal corporation and MPJ, a California partnership
Recorded: November 16, 1983 in Book I 070, Page 333, Official Records.

6. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: roadway purposes and public utilities
Recorded: November 30, 1983 in Book I 111, Page 606, Official Records
Affects: A portion of that certain 24.740 acre parcel of land as shown on that certain Record of Survey filed for record in Book 447 of Maps, at page 33, Santa Clara County Records, described as

Exhibit B-3 - Page 5

follows:

Beginning at a point in the Northerly line of Monroe Avenue, as shown on said map at the Westerly terminus of the course shown as N. 89 degrees 25 minutes 00 seconds E. 760.70; thence from said point of beginning along said Northerly line N. 89 degrees 25 minutes 00 seconds E. 760.70 feet and N. 2.00 feet; thence leaving said Northerly line along a line parallel with said course of N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 334.99 feet; thence leaving said parallel line N. 87 degrees 09 minutes 00 seconds W. 66.79 feet; thence along a line parallel with said course N. 89 degrees 25 minutes 00 seconds E.; S. 89 degrees 25 minutes 00 seconds W. 359.00 feet; thence leaving said Westerly line along a tangent curve to the right, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to a point of cusp in the Westerly line of said 24.740 acre parcel; thence along said Westerly line S. 0 degrees 00 minutes 27 seconds E. 6.00 feet; thence leaving said Westerly line along a tangent curve to the left, with a radius of 50.00 feet, through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of 79.04 feet to the point of beginning, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

7. An easement affecting the portion of said land and for the purpose stated herein and incidental purposes,
In Favor Of: City of Santa Clara, a municipal corporation
For: underground electrical distribution and/or communication systems
Recorded: May 17, 1984 in Book I 552, Page 595, Official Records
Affects. as follows:

Parcel 1:

Commencing at the point of intersection of the Westerly line of that certain 24.74 acre parcel of land shown upon that Record of Survey filed for recorded August 10, 1979 in Book 447 of Maps, at page 33, Santa Clara County Records, with a line parallel with and 10 feet Southerly of, measured at right angles to, the Northerly line of said parcel; thence along said parallel line N. 89 degrees 25 minutes 00 seconds E. 107.00 feet; thence parallel with said Westerly line S. 0 degrees 00 minutes 27 seconds E. 319.16 feet; thence S. 34 degrees 02 minutes 45 seconds W. 87.51 feet, more or less, to intersection with a line parallel with and 58 feet Easterly of measured at right angles to, said Westerly line; thence along last said parallel line S. 0 degrees 00 minutes 27 seconds E. 294.30 feet, more or less, to intersection with a line parallel with and 5 feet Northerly of, measured at right angles to, the Northerly line of that real property conveyed to the City of Santa Clara by that deed filed for record November 30, 1983 in Book I 111 of Official Records, at page 606, said County Records; thence along last said parallel line the following three (3) courses: N. 89 degrees 25 minutes 00 seconds E. 351.81 feet; S. 87 degrees 09 minutes 00 seconds E. 66.79 feet; N. 89 degrees 25 minutes 00 seconds E. 334.69 feet; thence continuing parallel with the Southerly line of first said parcel N. 89 degrees 25 minutes 00 seconds E. 181.89 feet, more or less, to termination in the Easterly line of that certain parcel of real property conveyed to MPJ Partnership, by that Grant Deed filed for record August 25, 1983 in Book H 838 of Official Records, at page 215, said County Records.

Parcel 2:

A portion of said 24.74 acre parcel of land contiguous to and Northerly

of said real property conveyed by deed recorded in Book I 111, at page 606, contiguous to and Westerly of hereinabove described strip of land and bounded on the North by a line parallel with and 5 feet Northerly of, measured at right angles to, that course N. 89 degrees 25 minutes 00 seconds E. 351.81 feet in the hereinabove described centerline.

Parcel 3:

A strip of land 10 feet in width and 30 feet in length of centerline of said strip being parallel with and 325.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on

Exhibit B-3 - Page 6

the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet, as the centerline of a strip of land 15 feet in width, to termination of said centerline and strip.

Parcel 4:

A strip of land 10 feet in width and 12 feet in length the centerline of said strip being parallel with and 116.5 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel and terminating on the West in the Easterly line of first hereinabove described strip; thence continuing Easterly along last said parallel line for a distance of 15 feet in width, lying 5 feet Northerly and 10 feet Southerly of said parallel line to the Easterly terminus of said strip.

Parcel 5:

A strip of land 10 feet in width, the centerline of said strip being described as follows:

Commencing at the point of intersection of the Northerly line of first hereinabove described strip of land with a line parallel with and 824.5 feet Easterly of, measured at right angles to, that course in the Westerly boundary of said 24.75 acre parcel bearing N. 0 degrees 00 minutes 27 seconds W.; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 367.96 feet, more or less, to a line parallel with and 327 feet Southerly of, measured at right angles to, said Northerly line of the 24.74 acre parcel; thence along last said parallel line S. 89 degrees 25 minutes 00 seconds W. 78 feet to a line parallel with and 746.5 feet Easterly of, measured at right angles to, said Westerly line of the 24.74 acre parcel; thence along last said parallel line N. 0 degrees 00 minutes 27 seconds W. 203 feet; thence continuing as the centerline of a strip of land 15 feet in width N. 0 degrees 00 minutes 27 seconds W. 15 feet, more or less, to termination of said strip and centerline in a line parallel with and 109 feet Southerly of, measured at right angles to, last said Northerly line.

Parcel 6:

A 15 foot square parcel of land contiguous to and Southerly of last hereinabove described 10 foot wide strip of land and centered on the Southerly prolongation of hereinabove mentioned course N. 0 degrees 00 minutes 27 seconds W. 203 feet, and as shown on the survey prepared by Anthony C. McCants, L.S. 5944, dated April 27, 2000, revised May 22, 2000.

8. Lease Agreement (Land) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee, and Lease Agreement (Improvements) dated as of June 1, 2000, by and between BNP Leasing Corporation, as lessor, and Extreme Networks, Inc., as lessee.

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Exhibit C

BILL OF SALE AND ASSIGNMENT

Reference is made to: (1) that certain Purchase Agreement (Improvements) between BNP Leasing Corporation ("Assignor") and Extreme Networks, Inc., dated as of June 1, 2000, (the "Purchase Agreement") and (2) that certain Lease Agreement (Improvements) between Assignor, as landlord, and Extreme Networks, Inc., as tenant, dated as of June 1, 2000 (the "Improvements Lease"). (Capitalized terms used and not otherwise defined in this document are intended to have the meanings assigned to them in the Common Definitions and Provisions Agreement (Improvements) incorporated by reference into both the Purchase Agreement and Improvements Lease.)

As contemplated by the Purchase Agreement, Assignor hereby sells, transfers and assigns unto [EXTREME OR THE APPLICABLE PURCHASER, AS THE CASE MAY BE], a _____ ("Assignee"), all of Assignor's right, title and interest in and to the following property, if any, to the extent such property is assignable:

(a) the Improvements Lease [DRAFTING NOTE: THE FOLLOWING WILL BE ADDED ONLY IF APPLICABLE BECAUSE OF THE SIMULTANEOUS DELIVERY OF A GRANT DEED IN THE FORM OF EXHIBIT B-3: and the Ground Lease dated _____, between _____, as _____ lessor, and Assignor, as lessee, filed for record on in _____ of Santa Clara County records (the "Ground Lease")];

(b) any pending or future award made because of any condemnation affecting the Property or because of any conveyance to be made in lieu thereof, and any unpaid award for damage to the Property and any unpaid proceeds of insurance or claim or cause of action for damage, loss or injury to the Property; and

(c) all other property included within the definition of "Property" as set forth in the Purchase Agreement, including but not limited to any of the following transferred to Assignor by the tenant pursuant to Paragraph 7 of the _____

Improvements Lease or otherwise acquired by Assignor, at the time of the execution and delivery of the Improvements Lease and Purchase Agreement or thereafter, by reason of Assignor's status as the owner of any interest in the Property: (i) any goods, equipment, furnishings, furniture, chattels and tangible personal property of whatever nature that are located on the Property and all renewals or replacements of or substitutions for any of the foregoing; (ii) the rights of Assignor, existing at the time of the execution of the Improvements Lease and Purchase Agreement or thereafter arising, under Permitted Encumbrances or Development Documents (both as defined in the Improvements Lease); and (iii) any other permits, licenses, franchises, certificates, and other rights and privileges related to the Property that Assignee would have acquired if Assignee had itself acquired the Improvements covered by the Improvements Lease and constructed the Improvements included in the Property.

Provided, however, excluded from this conveyance and reserved to Assignor are any rights or privileges of Assignor under the following ("Excluded Rights"): (1) the indemnities set forth in the Improvements Lease, whether such rights are presently known or unknown, including rights of the Assignor to be indemnified against environmental claims of third parties as provided in the Improvements Lease which may not presently be known, (2) provisions in the Improvements Lease that establish the right of Assignor to recover any accrued unpaid rent under the Improvements Lease which may be outstanding as of the date hereof, (3) agreements between Assignor and "BNPLC's Parent" or any "Participant," both as defined in the Improvements Lease, or any modification or extension thereof, or (4) any other instrument being delivered to Assignor contemporaneously herewith pursuant to the Purchase Agreement. To the extent that this conveyance does include any rights to receive future payments under the Improvements Lease, such rights ("Included Rights") shall be subordinate to Assignor's Excluded Rights, and Assignee hereby waives any rights to enforce Included Rights until such time as Assignor has received all payments to which it remains entitled by reason of Excluded Rights. If any amount shall be paid to Assignee on account of any Included Rights at any time before Assignor has received all payments to which it is entitled because of Excluded Rights, such amount shall be held in trust by Assignee for the benefit of Assignor, shall be segregated from the other funds of Assignee and shall forthwith be paid over to Assignor to be held by Assignor as collateral for, or then or at any time thereafter applied in whole or

in part by Assignor against, the payments due to Assignor because of Excluded Rights, whether matured or unmatured, in such order as Assignor shall elect.

WITNESS my hand and official seal.

Signature _____

Exhibit C - Page 3

Annex A

LEGAL DESCRIPTION

[DRAFTING NOTE: TO THE EXTENT THAT THE "LAND" COVERED BY THE OTHER LEASE CHANGES

FROM TIME TO TIME BECAUSE OF ADJUSTMENTS FOR WHICH EXTREME REQUESTS BNPLC'S
CONSENT OR APPROVAL, SO TOO WILL THE DESCRIPTION OF THE LAND BELOW CHANGE. ANY
SUCH CHANGES WILL BE INCORPORATED INTO THE DESCRIPTION BELOW AND THIS "DRAFTING
NOTE" WILL BE DELETED BEFORE THE DOCUMENT TO WHICH THIS DESCRIPTION IS ATTACHED
IS ACTUALLY EXECUTED AND DELIVERED.]

All that certain real property situated in the City of Santa Clara, County of
Santa Clara, State of California, described as follows:

Being a portion of that certain 24.740 acre parcel as shown on that certain
Record of Survey filed in Book 447 of Maps, at Page 33, Santa Clara County
Records, described as follows:

Beginning at the Northwest corner of said 24.740 acre parcel; thence from said
point of beginning along the Northerly line of said 24.470 acre parcel N. 89
degrees 25 minutes 00 seconds E. 995.17 feet; thence leaving said Northerly
lines S. 0 degrees 10 minutes 00 seconds W. 705.02 feet to a point in the
Southerly line of said 24.740 acre parcel; thence along said Southerly line the
following courses: S. 89 degrees 25 minutes 00 seconds W. 181.82 feet; S. 2.00
feet and S. 89 degrees 25 minutes 00 seconds W. 760.70 feet; thence leaving said
Southerly line along a tangent curve to the right, with a radius of 50.00 feet,
through a central angle of 90 degrees 34 minutes 33 seconds for an arc length of
79.4 feet to a point in the Westerly line of said 24.470 acre parcel; thence
along said Westerly line N. 0 degrees 00 minutes 27 seconds W. 656.49 feet to
the point of beginning.

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Exhibit D

ACKNOWLEDGMENT OF DISCLAIMER OF REPRESENTATIONS AND WARRANTIES

THIS ACKNOWLEDGMENT OF DISCLAIMER OF REPRESENTATIONS AND WARRANTIES (this
"Certificate") is made as of _____, _____, by [Extreme or the
Applicable Purchaser, as the case may be], a _____ ("Grantee").

Contemporaneously with the execution of this Certificate, BNP Leasing
Corporation, a Delaware corporation ("BNPLC"), is executing and delivering to
Grantee (1) a corporate grant deed and (2) a Bill of Sale and Assignment (the
foregoing documents and any other documents to be executed in connection
therewith are herein called the "Conveyancing Documents" and any of the
properties, rights or other matters assigned, transferred or conveyed pursuant
thereto are herein collectively called the "Subject Property").

Notwithstanding any provision contained in the Conveyancing Documents to
the contrary, Grantee acknowledges that BNPLC makes no representations or
warranties of any nature or kind, whether statutory, express or implied, with
respect to environmental matters or the physical condition of the Subject
Property, and Grantee, by acceptance of the Conveyancing Documents, accepts the
Subject Property "AS IS," "WHERE IS," "WITH ALL FAULTS" and without any such

representation or warranty by Grantor as to environmental matters, the physical
condition of the Subject Property, compliance with subdivision or platting
requirements or construction of any improvements. Without limiting the
generality of the foregoing, Grantee hereby further acknowledges and agrees that
warranties of merchantability and fitness for a particular purpose are excluded
from the transaction contemplated by the Conveyancing Documents, as are any

warranties arising from a course of dealing or usage of trade. Grantee hereby assumes all risk and liability (and agrees that BNPLC shall not be liable for any special, direct, indirect, consequential, or other damages) resulting or arising from or relating to the ownership, use, condition, location, maintenance, repair, or operation of the Subject Property, except for damages proximately caused by (and attributed by any applicable principles of comparative fault to) the Established Misconduct of BNPLC. As used in the preceding sentence, "Established Misconduct" is intended to have, and be limited to, the meaning given to it in the Common Definitions and Provisions Agreement (Improvements) incorporated by reference into the Purchase Agreement between BNPLC and Extreme Networks, Inc. dated as of June 1, 2000, pursuant to which Purchase Agreement BNPLC is delivering the Conveyancing Documents.

The provisions of this Certificate shall be binding on Grantee, its successors and assigns and any other party claiming through Grantee. Grantee hereby acknowledges that BNPLC is entitled to rely and is relying on this Certificate.

EXECUTED as of _____, ____.

[Extreme or the Applicable Purchaser]
By: _____
Name: _____
Title: _____

Exhibit E

SECRETARY'S CERTIFICATE

The undersigned, [Secretary or Assistant Secretary] of BNP Leasing Corporation, a Delaware corporation (the "Corporation"), hereby certifies as follows:

1. That he is the duly, elected, qualified and acting Secretary [or Assistant Secretary] of the Corporation and has custody of the corporate records, minutes and corporate seal.

2. That the following named persons have been properly designated, elected and assigned to the office in the Corporation as indicated below; that such persons hold such office at this time and that the specimen signature appearing beside the name of such officer is his or her true and correct signature.

[The following blanks must be completed with the names and signatures of the officers who will be signing the deed and other Sale Closing Documents on behalf of the Corporation.]

Name	Title	Signature
-----	-----	-----
_____	_____	_____

3. That the resolutions attached hereto and made a part hereof were duly adopted by the Board of Directors of the Corporation in accordance with the Corporation's Articles of Incorporation and Bylaws. Such resolutions have not been amended, modified or rescinded and remain in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Corporation on this __, day of __, __.

[signature and title]

WHEREAS, pursuant to that certain Purchase Agreement (Improvements) (herein called the "Purchase Agreement") dated as of June 1, 2000, by and between BNP Leasing Corporation (the "Corporation") and [Extreme or the Applicable Purchaser as the case may be] ("Purchaser"), the Corporation agreed to sell and Purchaser agreed to purchase or cause the Applicable Purchaser (as defined in the Purchase Agreement) to purchase the Corporation's interest in the property (the "Property") located in Santa Clara, California more particularly described therein.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Corporation, in its best business judgment, deems it in the best interest of the Corporation and its shareholders that the Corporation convey the Property to Purchaser or the Applicable Purchaser pursuant to and in accordance with the terms of the Purchase Agreement.

RESOLVED FURTHER, that the proper officers of the Corporation, and each of them, are hereby authorized and directed in the name and on behalf of the Corporation to cause the Corporation to fulfill its obligations under the Purchase Agreement.

RESOLVED FURTHER, that the proper officers of the Corporation, and each of them, are hereby authorized and directed to take or cause to be taken any and all actions and to prepare or cause to be prepared and to execute and deliver any and all deeds and other documents, instruments and agreements that shall be necessary, advisable or appropriate, in such officer's sole and absolute discretion, to carry out the intent and to accomplish the purposes of the foregoing resolutions.

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Exhibit F

FIRPTA STATEMENT

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. Sections 18805, 18815 and 26131 of the California Revenue and Taxation Code, as amended, provide that a transferee of a California real property interest must withhold income tax if the transferor is a nonresident seller.

To inform [Extreme or the Applicable Purchaser] (the "Transferee") that withholding of tax is not required upon the disposition of a California real property interest by transferor, BNP Leasing Corporation (the "Seller"), the undersigned hereby certifies the following on behalf of the Seller:

1. The Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. The United States employer identification number for the Seller is _____;
3. The office address of the Seller is _____.
4. The Seller is qualified to do business in California.

The Seller understands that this certification may be disclosed to the Internal Revenue Service and/or to the California Franchise Tax Board by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

The Seller understands that the Transferee is relying on this affidavit in determining whether withholding is required upon said transfer.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Seller.

Dated: _____, ____.

By: _____
Name: _____
Title: _____

PLEDGE AGREEMENT
(LAND)

AMONG

BNP LEASING CORPORATION

("BNPLC")

BNP PARIBAS, AS AGENT

("Agent")

EXTREME NETWORKS, INC.

("Extreme")

AND

PARTICIPANTS AS DESCRIBED HEREIN

June 1, 2000

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PLEDGE AGREEMENT
(LAND)

This PLEDGE AGREEMENT (LAND) (this "Agreement") is made as of June 1, 2000 (the "Effective Date"), by EXTREME NETWORKS, INC., a California corporation ("Extreme"); BNP LEASING CORPORATION, a Delaware corporation ("BNPLC"); BNP PARIBAS ("BNPLC's Parent"), as a "Participant"; and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants (in such capacity, "Agent").

RECITALS

A. Extreme and BNPLC are parties to: (i) a Common Definitions and Provisions Agreement (Land) dated as of the Effective Date (the "Common Definitions and Provisions Agreement (Land)"); and (ii) a Purchase Agreement (Land) dated as of the Effective Date (the "Purchase Agreement"), pursuant to which Extreme has agreed to make a "Supplemental Payment" (as defined in the Common Definitions and Provisions Agreement (Land)), in consideration of the rights granted to Extreme by the Purchase Agreement.

B. Pursuant to a Participation Agreement dated the date hereof (the "Participation Agreement"), BNPLC's Parent has agreed with BNPLC to participate in the risks and rewards to BNPLC of the Purchase Agreement and other Operative

Documents (as defined in the Common Definitions and Provisions Agreement (Land)), and the parties to this Agreement anticipate that other financial institutions may become parties to the Participation Agreement as Participants, agreeing to participate in the risks and rewards to BNPLC of the Purchase Agreement and other Operative Documents.

C. Extreme may from time to time deliver cash collateral for its obligations to BNPLC under the Purchase Agreement and for BNPLC's corresponding obligations to Participants under the Participation Agreement. This Agreement sets forth the terms and conditions governing such cash collateral.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.1 Capitalized Terms Used But Not Defined in This Agreement. All

capitalized terms used in this Agreement which are defined in Article I of the Common Definitions and Provisions Agreement (Land) and not otherwise defined herein shall have the same meanings herein as set forth in the Common Definitions and Provisions Agreement (Land). All terms used in this Agreement which are defined in the UCC and not otherwise defined herein shall have the same meanings herein as set forth therein, except where the context otherwise requires.

Section 1.2 Definitions. When used in this Agreement, the following terms

shall have the following respective meanings:

"Account" shall mean any deposit account maintained by a Deposit Taker into which Cash Collateral may be deposited at any time, excluding the Transition Account.

"Account Office" shall mean, with respect to any Account maintained by any Deposit Taker, the office of such Deposit Taker in California or New York at which such Account is maintained as specified in the applicable Deposit Taker's Acknowledgment and Agreement.

"Agent" shall have the meaning given to that term in the introductory paragraph hereof.

"BNPLC" shall have the meaning given to that term in the introductory paragraph hereof.

"BNPLC's Corresponding Obligations to Participants" shall mean BNPLC's obligations under the Participation Agreement to pay Participants their respective Percentages of (or amounts equal to their respective Percentages of) sums "actually received by BNPLC" (as defined in the Participation Agreement) in satisfaction of Extreme's Purchase Agreement Obligations; provided, however, any modification of the Participation Agreement executed after the date hereof without Extreme's written consent shall not be considered for purposes of determining BNPLC's Corresponding Obligations to Participants under this Agreement.

"Cash Collateral" shall mean (i) all money of Extreme which Extreme has delivered to Agent for deposit with a Deposit Taker pursuant to this Agreement, and (ii) any additional money delivered to Agent as Collateral pursuant to Section 4.9.

"Certificate of Deposit" shall mean a certificate of deposit issued by a Deposit Taker as required by Section 5.4 below to evidence an Account into which Cash Collateral has been deposited pursuant to this Agreement. Each Certificate of Deposit shall be issued in an amount equal to the Value of the Account which it evidences and shall otherwise be in the form set forth as ATTACHMENT 1.

"Collateral" shall have the meaning given to that term in Section 2.1 hereof.

"Collateral Imbalance" shall mean on any date prior to the Designated Sale Date that the Value (without duplication) of Accounts maintained by and Certificates of Deposit issued by the Deposit Taker for any Participant (other than a Disqualified Deposit Taker) does not equal such Participant's Percentage, multiplied by the lesser of (1) the Minimum Collateral Value in effect on such date, or (2) the aggregate Value of all Collateral subject to this Agreement on such date. For purposes of determining whether a Collateral Imbalance exists, the Value of any Accounts maintained by a bank that is acting as Deposit Taker for two or more Participants will be deemed to be held for them in proportion to their respective Percentages, and the Value of any Accounts maintained by a bank as Deposit Taker for both a Participant and BNPLC (as in the case of BNPLC's Parent acting as Deposit Taker for itself, as a Participant, and for BNPLC) will be deemed to be held for the Participant only to the extent necessary to prevent or mitigate a Collateral Imbalance and otherwise for BNPLC.

"Collateral Percentage" shall mean the percentage designated by Extreme in accordance with this Agreement from time to time, but never less than the Minimum Collateral Percentage established as provided in Part III of Schedule 1.

"Default" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

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"Deposit Taker" for BNPLC shall mean BNPLC's Parent and for each Participant shall mean the Participant itself; provided, that each of BNPLC and the Participants, for itself only, may from time to time designate another Deposit Taker as provided in Sections 4.4 and 4.5 below.

"Deposit Taker Losses" shall mean the Value of any Cash Collateral delivered to a Deposit Taker, but that the Deposit Taker will not (because of the insolvency of the Deposit Taker, offsets by the Deposit Taker in violation of the Deposit Taker's Acknowledgment and Agreement, or otherwise) return to Extreme or return to Agent for disposition or application as provided herein or as required by applicable law.

"Deposit Taker's Acknowledgment and Agreement" shall have the meaning given to that term in subsection 4.1.2 hereof.

"Disqualified Deposit Taker" shall mean any Deposit Taker with whom Agent may decline to deposit Collateral pursuant to Section 4.1.

"Event of Default" shall mean the occurrence of any of the following:

(a) the failure by Extreme to pay all or any part of Extreme's Purchase Agreement Obligations when due, after giving effect to any applicable notice and grace periods expressly provided for in the Purchase Agreement;

(b) the failure by Extreme to provide funds as and when required by Section 5.1 of this Agreement, if within seven Business Days after such failure commences Extreme does not (1) cure such failure by delivering the funds required by Section 5.1, and (2) pay to BNPLC as additional Rent under the Land Lease an amount equal to interest at the Default Rate (as defined in the Land Lease) on such funds for the period from which they were first due to the date of receipt by Agent;

(c) the failure of the pledge or security interest contemplated herein in the Transition Account or any Account, Certificate of Deposit or Cash Collateral to be a Qualified Pledge (regardless of the characterization of the Transition Account or any Accounts, Certificates of Deposit or Cash Collateral as deposit accounts, instruments or general intangibles under the UCC), unless:

(I) such failure would not exist but for a breach of this Agreement by Agent or a breach of a Deposit Taker's Acknowledgment and Agreement by a Deposit Taker, or

(II) within five Business Days after Extreme becomes aware

of such failure, Extreme shall (1) notify Agent, BNPLC and the Participants of such failure, and (2) cure such failure, and (3) to the extent required by Section 7.2.9, pay to BNPLC any additional Base Rent that has accrued under the Land Lease because of (or that would have accrued if BNPLC had been aware of) such failure, together with interest at the Default Rate on any such additional Base Rent;

(d) the failure of any representation herein by Extreme to be true (other than a failure described in another clause of this definition of Event of Default), if such failure is not cured within thirty days after Extreme receives written notice thereof from Agent;

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(e) the failure of any representation made by Extreme in subsection 7.1.1 to be true, if within fifteen (15) days after Extreme becomes aware of such failure, Extreme does not (1) notify Agent, BNPLC and the Participants of such failure, and (2) cure such failure, and (3) pay to BNPLC any additional Base Rent that has accrued under the Land Lease because of (or that would have accrued if BNPLC had been aware of) such failure, and (4) pay to BNPLC interest at the Default Rate on any such additional Base Rent;

(f) the failure by Extreme timely and properly to observe, keep or perform any covenant, agreement, warranty or condition herein required to be observed, kept or performed (other than a failure described in another clause of this definition of Event of Default), if such failure is not cured within thirty days after Extreme receives written notice thereof from Agent; and

(g) the failure by BNPLC to pay when due on or after the Designated Sale Date any of BNPLC's Corresponding Obligations to Participants, after giving effect to any applicable notice and grace periods expressly provided for in the Participation Agreement.

Notwithstanding the foregoing, if ever the aggregate Value of Cash Collateral held by Agent and the Deposit Takers exceeds the Minimum

Collateral Value then in effect, a failure of the pledge or security interest contemplated herein in such excess Cash Collateral to be a valid,

perfected, first priority pledge or security interest shall not constitute an Event of Default under this Agreement. Accordingly, to provide a cure as required to avoid an Event of Default under clauses (c) or (e) of this definition, Extreme could deliver additional Cash Collateral - the pledge of which or security interest in which created by this Agreement is a Qualified Pledge - sufficient in amount to cause the aggregate Value of the Cash Collateral then held by Agent and the Deposit Takers subject to a Qualified Pledge hereunder to equal or exceed the Minimum Collateral Value.

"Extreme" shall have the meaning given to that term in the introductory paragraph hereof.

"Extreme's Purchase Agreement Obligations" shall mean all of Extreme's obligations under the Purchase Agreement, including (i) Extreme's obligation to pay any Supplemental Payment as required under subparagraph

1(A) of the Purchase Agreement, and (ii) any damages incurred by BNPLC

because of (A) Extreme's breach of the Purchase Agreement or (B) the rejection by Extreme of the Purchase Agreement in any bankruptcy or insolvency proceeding.

"Initially Qualified Deposit Taker" means (1) BNP PARIBAS, acting through any branch, office or agency that can lawfully maintain an Account as a Deposit Taker hereunder, and (2) any of the fifty largest (measured by total assets) U.S. banks, or one of the one hundred largest (measured by total assets) banks in the world, with debt ratings of at least (i) A- (in the case of long term debt) and A-1 (in the case of short term debt) or the equivalent thereof by Standard and Poor's Corporation, and (ii) A3 (in the case of long term debt) and P-2 (in the case of short term debt) or the equivalent thereof by Moody's Investor Service, Inc. The parties believe it improbable that the ratings systems used by Standard and Poor's Corporation

and by Moody's Investor Service, Inc. will be discontinued or changed, but if such ratings systems are discontinued or changed, Extreme shall be entitled to select and use a comparable ratings systems as a substitute for the S&P Rating or the Moody Rating, as the case may be, for purposes of determining the status of any bank as an Initially Qualified Deposit Taker.

"Lien" shall mean, with respect to any property or assets, any right or interest therein of a creditor to secure indebtedness of any kind which is owed to him or any other arrangement with such creditor which provides for the payment of such indebtedness out of such property or assets

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or which allows him to have such indebtedness satisfied out of such property or assets prior to the general creditors of any owner thereof, including any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by law or agreement or otherwise, but excluding any right of setoff which arises without agreement in the ordinary course of business. "Lien" also means any filed financing statement, any registration with an issuer of uncertificated securities, or any other arrangement which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement is undertaken before or after such Lien exists.

"Material Lease Default" shall mean any of the following:

(1) any "Event of Default" under and as defined in the Land Lease, including any such Event of Default consisting of a failure of Extreme to comply with the requirements of Schedule I attached to the

Land Lease; and

(2) (a) any failure of Extreme to make any payment required by and when first due under the Land Lease, regardless of whether any period provided in the Land Lease for the cure of such failure by Extreme shall have expired, and (b) any other default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an "Event of Default" under and as defined in the Land Lease, if such other default, event or failure involves a material noncompliance with Applicable Law. (For purposes of this definition, "material" noncompliance with Applicable Law will include any noncompliance, the correction of which has been requested by a governmental authority, or because of which a threat of action against the Property or BNPLC has been asserted by a governmental authority.)

"Minimum Collateral Percentage" shall mean the percentage established as such from time to time as described in Part III of Schedule 1.

"Minimum Collateral Value" shall mean (1) as of the Designated Sale Date or any prior date, an amount equal to the Collateral Percentage multiplied by the Stipulated Loss Value determined as of that date in accordance with the Land Lease; and (2) as of any date after the Designated Sale Date, an amount equal to the Break Even Price plus any unpaid interest accrued on past due amounts payable pursuant to Paragraph 1(a) of the Purchase Agreement.

"Notice of Security Interest" shall have the meaning given to that term in subsection 4.1.1 hereof.

"Other Liable Party" shall mean any Person, other than Extreme, who may now or may at any time hereafter be primarily or secondarily liable for any of the Secured Obligations or who may now or may at any time hereafter have granted to Agent a pledge of or security interest in any of the Collateral.

"Participants" shall mean BNPLC's Parent and any other financial institutions which may hereafter become parties to (i) this Agreement by completing, executing and delivering to Extreme and Agent a Supplement, and

(ii) the Participation Agreement.

"Participation Agreement" shall have the meaning given to such term in Recital B hereof.

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"Percentage" shall mean with respect to each Participant and the Deposit Taker for such Participant, such Participant's "Percentage" under and as defined in the Participation Agreement for purposes of computing such Participant's right thereunder to receive payments of (or amounts equal to a percentage of) any sales proceeds or Supplemental Payment received by BNPLC under the Purchase Agreement. Percentages may be adjusted from time to time as provided in the Participation Agreement or as provided in supplements thereto executed as provided in the Participation Agreement.

"Qualified Pledge" means a pledge or security interest that constitutes a valid, perfected, first priority pledge or security interest.

"Secured Obligations" shall mean and include both Extreme's Purchase Agreement Obligations and BNPLC's Corresponding Obligations to Participants.

"Supplement" shall mean a supplement to this Agreement in the form of ATTACHMENT 2.

"Transaction Documents" shall mean, collectively, this Agreement, the Land Lease, the Purchase Agreement and the Participation Agreement.

"Transition Account" shall have the meaning given it in Section 5.2.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of California from time to time, and the Uniform Commercial Code as in effect in any other jurisdiction which governs the perfection or non-perfection of the pledge of and security interests in the Collateral created by this Agreement.

"Value" shall mean with respect to any Account, Certificate of Deposit or Cash Collateral on any date, a dollar value determined as follows (without duplication):

- (a) cash shall be valued at its face amount on such date;
- (b) an Account shall be valued at the principal balance thereof on such date; and
- (c) a Certificate of Deposit shall be valued at the face amount thereof.

Section 1.3 Attachments. All attachments to this Agreement are a part hereof for all purposes.

Section 1.4 Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein, references in this Agreement to a particular agreement, instrument or document (including references to the Land Lease, Purchase Agreement and Participation Agreement) also refer to and include all valid renewals, extensions, amendments, modifications, supplements or restatements of any such agreement, instrument or document; provided that nothing contained in this Section shall be construed to authorize any Person to execute or enter into any such renewal, extension, amendment, modification, supplement or restatement.

Section 1.5 References and Titles. All references in this Agreement to Attachments, Articles, Sections, subsections, and other subdivisions refer to the Attachments, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the

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beginning of any subdivision are for convenience only and do not constitute any part of any such subdivision and shall be disregarded in construing the language contained in this Agreement. The words "this Agreement", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this Article," "this Section" and "this subsection" and similar phrases refer only to the Articles, Sections or subsections hereof in which the phrase occurs. The word "or" is not exclusive, and the word "including" (in all of its forms) means "including without limitation". Pronouns in masculine, feminine and neuter gender shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa unless the context otherwise requires.

ARTICLE II SECURITY INTEREST

Section 2.1 Pledge and Grant of Security Interest. As security for the

Secured Obligations, Extreme hereby pledges and assigns to Agent (for the ratable benefit of BNPLC and the Participants) and grants to Agent (for the ratable benefit of BNPLC and the Participants) a continuing security interest and lien in and against all right, title and interest of Extreme in and to the following property, whether now owned or hereafter acquired by Extreme (collectively and severally, the "Collateral"):

(a) All Cash Collateral, all Accounts, the Transition Account and all Certificates of Deposit issued from time to time and general intangibles arising therefrom or relating thereto (however, "general intangibles" as used in this clause shall not include any general intangibles not related to Cash Collateral, Accounts, the Transition Account or Certificates of Deposit issued from time to time, and thus will not include, without limitation, any intellectual property of Extreme); and all documents, instruments and agreements evidencing the same; and all extensions, renewals, modifications and replacements of the foregoing; and any interest or other amounts payable in connection therewith; and

(b) All proceeds of the foregoing (including whatever is receivable or received when Collateral or proceeds is invested, sold, collected, exchanged, returned, substituted or otherwise disposed of, whether such disposition is voluntary or involuntary, including rights to payment and return premiums and insurance proceeds under insurance with respect to any Collateral, and all rights to payment with respect to any cause of action affecting or relating to the Collateral).

The pledge, assignment and grant of a security interest made by Extreme hereunder is for security of the Secured Obligations only; the parties to this Agreement do not intend that Extreme's delivery of the Collateral to Agent as herein provided will constitute an advance payment of any Secured Obligations or liquidated damages, nor do the parties intend that the Collateral increase the dollar amount of the Secured Obligations.

Section 2.2 Return of Collateral After the Secured Obligations are

Satisfied in Full. If any proceeds of Collateral remain after all Secured

Obligations have been paid in full, Agent will deliver or direct the Deposit Takers to deliver such proceeds to Extreme or other Persons entitled thereto by law.

ARTICLE III DETERMINATION OF THE COLLATERAL PERCENTAGE

Section 3.1 Determination of the Collateral Percentage Generally.

Effective as of the date of this Agreement, and until a new Collateral Percentage becomes effective, the Collateral Percentage is 100%. Subject to the provisions of this Article III, Extreme may from time to time designate a new Collateral Percentage which is any multiple of 10% from 0% to 100% (i.e., 0%, 10%, 20%, 30%, etc.) by written notice delivered to Agent, BNPLC and the Participants in the form of ATTACHMENT 3. Any new Collateral Percentage so

designated shall not become effective, however, until the commencement of the

next following Base Rent Period which is at least ten Business Days after the receipt of such notice by Agent, BNPLC and the Participants. Further, if Extreme provides more than one notice of a change in the Collateral Percentage to be effective on a the first day of a particular Base Rent Period, then the latest such notice from Extreme which satisfies the requirements of the preceding sentence (and of Sections 3.2 and 3.3) will control. Without limiting mandatory changes in the Collateral Percentage required by Section 3.3, in no event shall the Collateral Percentage be changed more often than once in any calendar quarter because of any election by Extreme to designate a new Collateral Percentage as provided in this Section. After any Collateral Percentage becomes effective as provided in this Article, it shall remain in effect until a different Collateral Percentage becomes effective as provided in this Article.

Section 3.2 Limitations on Extreme's Right to Lower the Collateral

Percentage. Notwithstanding the foregoing, no designation by Extreme of a new

Collateral Percentage will be effective to reduce the Collateral Percentage if the designation is given, or the reduction would otherwise become effective, on or after the Designated Sale Date or when any of the following shall have occurred and be continuing:

3.2.1 any Material Lease Default;

3.2.2 any Event of Default under and as defined in this Agreement;

3.2.3 any Default under and as defined in this Agreement -excluding, however, any such Default limited to a failure of Extreme described in clause (c) or clause (e) of the definition of Event of Default above, with respect to which the time for cure specified in clause (c) or clause (e), as applicable, has not expired.

Section 3.3 Minimum Collateral Percentages Dependent Upon the Adjusted

EBITDAR Coverage Ratio. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN

CONTAINED, THE COLLATERAL PERCENTAGE SHALL NOT BE LESS THAN THE MINIMUM COLLATERAL PERCENTAGE ESTABLISHED FROM TIME TO TIME AS DESCRIBED IN PART III OF SCHEDULE 1. Accordingly, and because a new Base Rent Period will begin on the

first Business Day of the first calendar month following any Failed Collateral Test Date as provided in subparagraph 3(c)(ii)a) of the Land Lease, Extreme

shall be required by Section 5.1 to deliver additional Collateral on the first Business Day of the first calendar month after any Failed Collateral Test Date.

ARTICLE IV PROVISIONS CONCERNING DEPOSIT TAKERS

Section 4.1 Qualification of Deposit Takers Generally. Agent may decline

to deposit or maintain Collateral hereunder with any Person designated as a Deposit Taker, if such Person has failed to satisfy or no longer satisfies the following requirements:

4.1.1 Such Person must have received from Agent and Extreme a completed, executed Notice of Security Interest in the form of ATTACHMENT 4

(a "Notice of Security Interest") which specifically identifies any and all Accounts in which such Person shall hold Cash Collateral delivered to it pursuant to this Agreement and which designates Account Offices with respect to all such Accounts in New York or California.

4.1.2 Such Person must have executed the Acknowledgment and Agreement at the end of such Notice of Security Interest (the "Deposit Taker's Acknowledgment and Agreement") and returned the same to Agent. Further, such Person must have complied with the Deposit Taker's Acknowledgment and Agreement, and the representations set forth therein with respect to such Person must continue to be true and correct.

4.1.3 Such Person must be a commercial bank, organized under the laws of the United States of America or a state thereof or under the laws of another country which is doing business in the United States of America;

must be authorized to maintain deposit accounts for others through Account Offices in New York or California (as specified in the Deposit Taker's Acknowledgment and Agreement); and must be an Affiliate of BNPLC or the Participant for whom such Person will act as Deposit Taker or must have a combined capital, surplus and undivided profits of at least \$500,000,000.

4.1.4 Such Person must have complied with the provisions in this Agreement applicable to Deposit Takers, including the provisions of Section 5.4 concerning the issuance and redemption of Certificates of Deposit.

Section 4.2 Existing Deposit Takers. BNPLC's Parent (as Deposit Taker for

itself and for BNPLC) has received a Notice of Security Agreement dated the Effective Date and has responded to such a notice with a Deposit Taker's Acknowledgment and Agreement dated the Effective Date, as contemplated in subsections 4.1.1 and 4.1.2.

Section 4.3 Replacement of Participants Proposed by Extreme. So long as no

Event of Default has occurred and is continuing, BNPLC shall not unreasonably withhold its approval for a substitution under the Participation Agreement of a new Participant proposed by Extreme for any Participant, the Deposit Taker for whom would no longer meet the requirements for an Initially Qualified Deposit Taker; provided, however, that (A) the proposed substitution can be accomplished without a release or breach by BNPLC of its rights and obligations under the Participation Agreement; (B) the new Participant will agree (by executing a Supplement and a supplement to the Participation Agreement as contemplated therein and by other agreements as may be reasonably required by BNPLC and Extreme) to become a party to the Participation Agreement and to this Agreement, to designate an Initially Qualified Deposit Taker as the Deposit Taker for it under this Agreement and to accept a Percentage under the Participation Agreement equal to the Percentage of the Participant to be replaced; (C) the new Participant (or Extreme) will provide the funds required to pay the termination fee by Section 6.4 of the Participation Agreement to accomplish the

substitution; (D) Extreme (or the new Participant) agrees in writing to indemnify and defend BNPLC for any and all Losses incurred by BNPLC in connection with or because of the substitution, including the cost of preparing supplements to the Participation Agreement and this Agreement and including any cost of defending and paying any claim asserted by the Participant to be replaced because of the substitution (but not including any liability of BNPLC to such Participant for damages caused by BNPLC's bad faith or gross negligence in the performance of BNPLC's obligations under the Participation Agreement prior to the substitution); (E) the new Participant shall be a reputable financial institution having a net worth of no less than seven and one half percent (7.5%) of total assets and total assets of no less than \$10,000,000.00 (all according to then recent audited financial statements); and (F) in no event will BNPLC be required to approve a substitution pursuant to this Section 4.3 which will replace a Participant that is an Affiliate of BNPLC. BNPLC shall attempt in good faith to assist (and cause BNPLC's Parent to attempt in good faith to assist) Extreme in identifying a new Participant that Extreme may propose to substitute for an existing Participant pursuant to this Section, as Extreme may reasonably request from time to time. However, in no event shall BNPLC itself, or any of its Affiliates, be required to take the Percentage of any Participant to be replaced.

Section 4.4 Mandatory Substitution for Disqualified Deposit Takers. If any

Deposit Taker shall cease to satisfy the requirements set forth in Section 4.1, the party for whom such Disqualified Deposit Taker has been designated as Deposit Taker (i.e., BNPLC or the applicable Participant) shall promptly (1) provide notice thereof to Agent and Extreme, and (2) designate a substitute Deposit Taker and cause the substitute to satisfy the requirements set forth in Section 4.1. Pending the designation of the substitute and the satisfaction by it of the requirements set forth in Section 4.1, Agent may withdraw Collateral held by

the Disqualified Deposit Taker and deposit such Collateral with other Deposit Takers, subject to Section 5.3 below.

Section 4.5 Voluntary Substitution of Deposit Takers. With the written

approval of Agent, which approval will not be unreasonably withheld, BNPLC or any Participant may at any time designate for itself a new Deposit Taker (in replacement of any prior Deposit Taker acting for it hereunder); provided, the Person so designated has satisfied the requirements set forth in Section 4.1; and, provided further, unless the designation of a new Deposit Taker is required by Section 4.4 to replace a Disqualified Deposit Taker, at the time of the replacement such Person must be an Initially Qualified Deposit Taker.

Section 4.6 Delivery of Notice of Security Interest by Extreme and

Agent. To the extent required for the designation of a new Deposit Taker by

BNPLC or any Participant pursuant to Section 4.5, or to permit the substitution or replacement of a Deposit Taker for BNPLC or any Participant as provided in Sections 4.4 and 4.5, Extreme and Agent shall promptly execute and deliver any properly completed Notice of Security Interest requested by BNPLC or the applicable Participant.

Section 4.7 Constructive Possession of Collateral. The possession by a

Deposit Taker of any deposit accounts, money, instruments, chattel paper or other property constituting Collateral or evidencing Collateral shall be deemed to be possession by Agent or a person designated by Agent, for purposes of perfecting the security interest granted to Agent hereunder pursuant to the UCC or other Applicable Law; and notifications to a Deposit Taker by other Persons holding any such property, and Acknowledgments, receipts or confirmations from any such Persons delivered to a Deposit Taker, shall be deemed notifications to, or Acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of such Deposit Taker for the benefit of Agent for the purposes of perfecting such security interests under Applicable Law.

Section 4.8 Attempted Setoff by Deposit Takers. By delivery of a

Deposit Taker's Acknowledgment and Agreement, each Deposit Taker shall be required to agree not to setoff or attempt a setoff, without in each case first

obtaining the prior written authorization of Agent, Secured Obligations owed to

it against any Collateral held by it from time to time. Further, by delivery of a Deposit Taker's Acknowledgment and Agreement, each Deposit Taker shall be required to agree not to setoff or attempt a setoff, without in each case first

obtaining the prior written authorization of both Extreme and Agent, obligations

owed to it other than Secured Obligations against any Collateral held by it from time to time. Any Deposit Taker for BNPLC or a Participant shall not be permitted by BNPLC or the applicable Participant, as the case may be, to violate such agreements. However, Extreme acknowledges and agrees (without limiting its right to recover damages from a Deposit Taker that violates such agreements) that Agent shall not be responsible for, or be deemed to have taken any action against Extreme because of, any Deposit Taker's violation of such agreements; and, neither BNPLC nor any Participant shall be responsible for, or be deemed to have taken any action against Extreme because of, any violation of such agreements by a Deposit Taker for another party.

Section 4.9 Deposit Taker Losses. Agent shall not be responsible for

any Deposit Taker Losses. However, Deposit Taker Losses with respect to a Deposit Taker for a particular Participant shall reduce the amount of BNPLC's Corresponding Obligations to Participants which are payable to such Participant as provided in Section 2.2 of the Participation Agreement. Further, when Deposit

Taker Losses with respect to a Deposit Taker for a particular Participant are incurred in excess of the payments of Secured Obligations that such Participant would then have been entitled to receive under the Participation Agreement but for such Deposit Taker Losses, such Participant must immediately pay the excess to Agent as additional Collateral hereunder, failing which Extreme may recover any damages suffered by it because of the Deposit Taker Losses from such Deposit Taker or such Participant.

Section 4.10 Losses Resulting from Failure of Deposit Taker to Comply

with this Agreement. Any Participant, the Deposit Taker for whom has failed to

comply with the requirements of this Agreement or any Notices of Security Interest and any Deposit Taker's Acknowledgments and Agreements (the "Responsible Participant") must defend, indemnify, and hold harmless BNPLC, Agent and the other Participants from and against any Losses resulting from such failure. Without limiting the foregoing, if the failure of a Deposit Taker for a Responsible Participant to comply strictly with the terms of this Agreement (including, without limitation, the provisions of Section 5.4 concerning the issuance and redemption of Certificates of Deposit and the requirement that any cash deposits be held in a deposit account located in either New York or California) causes, in whole or in part, the security interest of Agent in the Collateral held by such Deposit Taker to be unperfected, then any and all Losses suffered as a result of such nonperfection shall be borne solely by the Responsible Participant and shall not be shared by BNPLC, Agent or the other Participants.

ARTICLE V DELIVERY AND MAINTENANCE OF CASH COLLATERAL

Section 5.1 Delivery of Funds by Extreme. On the first day of any Base

Rent Period, and on any other date designated in a notice given by Agent to Extreme at least three Business Days prior to the date so designated, Extreme must deliver to Agent, subject to the pledge and security interest created hereby, funds as Cash Collateral then needed (if any) to cause the Value of the Collateral to be no less than the Minimum Collateral Value. Each delivery of funds required by the preceding sentence must be received by Agent no later than 12:00 noon (San Francisco time) on the date it is required; if received after 12:00 noon it will be considered for purposes of the Improvements Lease as received on the next following Business Day. At least five Business Days prior to the first day of any Base Rent Period upon which it is expected that Extreme will be required to deliver additional funds pursuant to this Section, Extreme shall notify BNPLC, Agent and each of the Participants thereof and of the amount Extreme expects to deliver to Agent as Cash Collateral on the applicable Base Rent Date. In addition to required deliveries of Cash Collateral as provided in the foregoing provisions, Extreme may on any date (whether or not the first day of a Base Rent Period) deliver additional Cash Collateral to Agent as necessary to prevent any Default from becoming an Event of Default. Upon receipt of any funds delivered to it by Extreme as Cash Collateral, Agent shall immediately deposit the same with the Deposit Takers in accordance with the requirements of Sections 5.3 and 5.4 below.

Section 5.2 Transition Account. Pending deposit in the Accounts or

other application as provided herein, all Cash Collateral received by Agent shall be credited to and held by Agent in an account (the "Transition Account") styled "Extreme Collateral Account, held for the benefit of BNP Leasing Corporation and the Participants," separate and apart from all other property and funds of Extreme or other Persons, and no other property or funds shall be deposited in the Transition Account. The books and records of Agent shall reflect that the Transition Account and all Cash Collateral on deposit therein are owned by Extreme, subject to a pledge and security interest in favor of Agent for the benefit of BNPLC and Participants.

Section 5.3 Allocation of Cash Collateral Among Deposit Takers. Funds

received by Agent from Extreme as Cash Collateral will be allocated for deposit among the Deposit Takers as follows:

first, to the extent possible the funds will be allocated as required

to rectify and prevent any Collateral Imbalance; and

second, the funds will be allocated to the Deposit Taker for BNPLC,

unless the Deposit Taker for BNPLC has become a Disqualified Deposit Taker, in which case the funds will be allocated to other Deposit Takers who are not Disqualified Deposit Takers as Agent deems appropriate.

Further, if for any reason a Collateral Imbalance is determined by Agent to exist, Agent shall, as required to rectify or mitigate the Collateral Imbalance,

promptly reallocate Collateral among Deposit Takers by withdrawing Cash Collateral from some Accounts and redepositing it in other Accounts. (If any party to this Agreement believes that the Value of the Accounts held by a particular Deposit Taker causes a Collateral Imbalance to exist, that party will promptly notify BNPLC, Extreme and Agent.) Subject to the foregoing, and provided that Agent does not thereby create or exacerbate a Collateral Imbalance, Agent may withdraw and redeposit Cash Collateral in order to reallocate the same among Deposit Takers from time to time as Agent deems appropriate. For purposes of illustration only, examples of the allocations required by this Section are set forth in ATTACHMENT 5.

Section 5.4 Issuance and Redemption of Certificates of Deposit. Upon

the receipt of any deposit of Cash Collateral from Agent, each Deposit Taker shall issue a Certificate of Deposit evidencing the Account into which such deposit is made and deliver such Certificate of Deposit to Agent for the benefit of BNPLC and the Participants. Each Certificate of Deposit shall be issued in an amount equal to the Value of the Account which it evidences and shall otherwise be in the form set forth as ATTACHMENT 1 to this Agreement. Upon depositing any

Cash Collateral into an Account that is already evidenced by an outstanding Certificate of Deposit, Agent will surrender the outstanding Certificate of Deposit, and in exchange the Deposit Taker receiving the deposit will issue a new Certificate of Deposit, evidencing the total amount of Cash Collateral in the Account after the deposit. A Deposit Taker that has issued a Certificate of Deposit may require the surrender of the Certificate of Deposit as a condition to a withdrawal from the Account evidenced thereby, including any withdrawal required or permitted by this Agreement. Upon surrender of a Certificate of Deposit in connection with a withdrawal of less than all of the Cash Collateral in the Account evidenced thereby, the applicable Deposit Taker will concurrently issue a new Certificate of Deposit to Agent, evidencing the balance of the Cash Collateral remaining on deposit in the Account after the withdrawal. Notwithstanding the foregoing, if any Certificate of Deposit held by Agent shall be destroyed, lost or stolen, the Deposit Taker that issued the Certificate, upon the written request of Agent, shall issue a new Certificate of Deposit to Agent in lieu of and in substitution for the Certificate of Deposit so destroyed, lost or stolen. However, as applicant for the substitute Certificate of Deposit, Agent must indemnify (at no cost to Extreme) the applicable Deposit Taker against any liability on the Certificate of Deposit destroyed, lost or stolen, and Agent shall furnish to the Deposit Taker an affidavit of an officer of Agent setting forth the fact of destruction, loss or theft and confirming the status of Agent as holder of the Certificate of Deposit immediately prior to the destruction, loss or theft. If any Certificate of Deposit held by Agent shall become mutilated, the Deposit Taker that issued the Certificate, upon the written request of Agent, shall issue a new Certificate of Deposit to Agent in exchange and substitution for the mutilated Certificate of Deposit. Agent shall hold all Certificates of Deposit for the benefit of BNPLC and the Participants, subject to the pledge and security interest created hereby.

Section 5.5 Status of the Accounts Under the Reserve Requirement

Regulations. Deposit Takers shall be permitted to structure the Accounts as

nonpersonal time deposits under 12 C.F.R., Part II, Chapter 204 (commonly known as "Regulation D"). Accordingly, each Deposit Taker may require at least seven days advance notice of any withdrawal or transfer of funds from Accounts it maintains and may limit the number of withdrawals or transfers from such Accounts to no more than six in any calendar month, notwithstanding anything to the contrary herein or in any deposit agreement that Extreme and any Deposit Taker may enter into with respect to any Account. As necessary to satisfy the seven days notice requirement with respect to withdrawals by Agent when required by Extreme pursuant to the provisions below, Agent shall notify Deposit Takers promptly after receipt of any notice from Extreme described in subsection 6.1.2 or 6.2.1 or in Section 6.3.

Section 5.6 Acknowledgment by Extreme that Requirements of this

Agreement are Commercially Reasonable. Extreme acknowledges and agrees that the

requirements set forth herein concerning receipt,

deposit, withdrawal, allocation, application and distribution of Cash Collateral by Agent, including the requirements and time periods set forth in the next Article, are commercially reasonable.

ARTICLE VI WITHDRAWAL OF CASH COLLATERAL

Extreme may not withdraw Cash Collateral, except as follows:

Section 6.1 Withdrawal of Collateral Prior to the Designated Sale Date.

Extreme may require Agent to present Certificates of Deposit for payment and withdraw Cash Collateral from Accounts on any date prior to the Designated Sale Date and to deliver such Cash Collateral to Extreme (which delivery shall be free and clear of all liens and security interests hereunder); provided, however, that in each case:

6.1.1 Such withdrawal and delivery of the Cash Collateral to Extreme will not cause the Value of the remaining Collateral to be less than the Minimum Collateral Value.

6.1.2 by a notice in the form of ATTACHMENT 6, Extreme must give

Agent, BNPLC and the Participants notice of the required withdrawal at least ten days prior to the date upon which the withdrawal is to occur.

6.1.3 No Default or Event of Default shall have occurred and be continuing at the time Extreme gives the notice required by the preceding subsection or on the date upon which the withdrawal is required.

6.1.4 Extreme must pay to Agent any and all costs incurred by Agent in connection with the withdrawal.

6.1.5 Agent shall determine the Accounts from which to make any withdrawal required by Extreme pursuant to this Section as necessary to prevent or mitigate any Collateral Imbalance.

Section 6.2 Withdrawal and Application of Cash Collateral to Reduce or

Satisfy the Secured Obligations to the Participants. To reduce the "Break Even Price" or "Supplemental Payment" required under (and as defined in) the Purchase Agreement (and, thus, to reduce the Secured Obligations), Extreme may require Agent to withdraw Cash Collateral then held by or for Agent pursuant to this Agreement on the Designated Sale Date and to deliver the same on the Designated Sale Date or on any date thereafter prior to an Event of Default (which delivery shall be free and clear of all liens and security interests hereunder) directly to the Participants in proportion to their respective rights to payment of BNPLC's Corresponding Obligations to Participants and for application thereto or the reduction thereof pursuant to Section 2.2 of the Participation Agreement;

provided, that:

6.2.1 by a notice in the form of ATTACHMENT 7, Extreme must have

notified Agent, BNPLC and each of the Participants of the required withdrawal and payment to Participants at least ten days prior to the date upon which it is to occur;

6.2.2 the required withdrawal shall be made as determined by Agent, first, from the Accounts maintained by the Deposit Takers for the Participants, and then (to the extent necessary) from the Accounts maintained by the Deposit Taker for BNPLC; and

6.2.3 in any event, no withdrawals or payments directly to Participants shall be required by this Section 6.2 (or permitted over the objection of BNPLC) in excess of those required to satisfy BNPLC's Corresponding Obligations to Participants or to reduce such obligations to zero under the Participation Agreement.

Section 6.3 Withdrawal and Application of Cash Collateral to Reduce or

Satisfy the Secured Obligations to BNPLC. To satisfy Extreme's Purchase

Agreement Obligations, Extreme may require Agent to withdraw any Cash Collateral held by the Deposit Taker for BNPLC pursuant to this Agreement on the Designated Sale Date and to deliver the same on the Designated Sale Date or on any date thereafter prior to an Event of Default (which delivery shall be free and clear of all liens and security interests hereunder) directly to BNPLC as a payment on behalf of Extreme of amounts due under the Purchase Agreement; provided, that by a notice in the form of ATTACHMENT 8, Extreme must have notified Agent and BNPLC of the required withdrawal and payment to BNPLC at least ten days prior to the date upon which it is to occur.

Section 6.4 Withdrawal of Cash Collateral From Accounts Maintained by

Disqualified Deposit Takers. Extreme may from time to time prior to the

Designated Sale Date (regardless of the existence of any Default or Event of Default) require Agent to withdraw any or all Cash Collateral from any Account maintained by a Disqualified Deposit Taker and deposit it, still subject to the pledge and grant of security interest hereunder, with other Deposit Takers who are not Disqualified Deposit Takers (in accordance with the requirements of Sections 5.3 and 5.4) on any date prior to the Designated Sale Date; provided, that by a notice in the form of ATTACHMENT 9, Extreme must have notified Agent, BNPLC and each of the Participants of the required withdrawal at least ten days prior to the date upon which it is to occur.

ARTICLE VII REPRESENTATIONS AND COVENANTS OF EXTREME

Section 7.1 Representations of Extreme. Extreme represents to BNPLC, Agent

and the Participants as follows:

7.1.1 Extreme is the legal and beneficial owner of the Collateral (or, in the case of after-acquired Collateral, at the time Extreme acquires rights in the Collateral, will be the legal and beneficial owner thereof). No other Person has (or, in the case of after-acquired Collateral, at the time Extreme acquires rights therein, will have) any right, title, claim or interest (by way of Lien, purchase option or otherwise) in, against or to the Collateral, except for rights created hereunder.

7.1.2 Agent has (or in the case of after-acquired Collateral, at the time Extreme acquires rights therein, will have) a valid, first priority, perfected pledge of and security interest in the Collateral, regardless of the characterization of the Collateral as deposit accounts, instruments or general intangibles under the UCC, but assuming that the representations of each Deposit Taker in its Deposit Taker's Acknowledgment and Agreement are true.

7.1.3 Extreme has delivered to Agent, together with all necessary stock powers, endorsements, assignments and other necessary instruments of transfer, the originals of all documents, instruments and agreements evidencing Accounts, Certificates of Deposit or Cash Collateral.

7.1.4 Extreme's chief executive office is located at the address of Extreme set forth in Article II of the Common Definitions and Provisions Agreement (Land) or at another address in California specified in a notice that Extreme has given to Agent as required by Section 7.2.4.

7.1.5 To the knowledge of Extreme, neither the ownership or the intended use of the Collateral by Extreme, nor the pledge of Accounts or the grant of the security interest by Extreme to Agent herein, nor the exercise by Agent of its rights or remedies hereunder, will (i) violate any provision of (a) Applicable Law, (b) the articles or certificate of incorporation, charter or bylaws of Extreme, or (c) any agreement, judgment, license, order or permit applicable to or binding upon Extreme, or (ii) result in or require the creation of any Lien, charge or encumbrance upon any

assets or properties of Extreme except as expressly contemplated in this Agreement. Except as expressly contemplated in this Agreement, to the knowledge of Extreme no consent, approval, authorization or order of, and no notice to or filing with any court, governmental authority or third party is required in connection with the pledge or grant by Extreme of the

security interest contemplated herein or the exercise by Agent of its rights and remedies hereunder.

Section 7.2 Covenants of Extreme. Extreme hereby agrees as follows:

7.2.1 Extreme, at Extreme's expense, shall promptly procure, execute and deliver to Agent all documents, instruments and agreements and perform all acts which are necessary, or which Agent may reasonably request, to establish, maintain, preserve, protect and perfect the Collateral, the pledge thereof to Agent or the security interest granted to Agent therein and the first priority of such pledge or security interest or to enable Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the preceding sentence, Extreme shall (A) procure, execute and deliver to Agent all stock powers, endorsements, assignments, financing statements and other instruments of transfer requested by Agent, (B) deliver to Agent promptly upon receipt all originals of Collateral consisting of instruments, documents and chattel paper, (C) cause the security interest of Agent in any Collateral consisting of securities to be recorded or registered in the books of any financial intermediary or clearing corporation requested by Agent, and (D) reimburse Agent upon request for any legal opinion Agent may elect to obtain from a nationally recognized commercial law firm authorized to practice in New York concerning the enforceability, first priority and perfection of Agent's security interest in any Collateral maintained in New York, if BNPLC or any Participant should at any time elect to use a Deposit Taker that will maintain one or more Accounts in New York.

7.2.2 Extreme shall not use or consent to any use of any Collateral in violation of any provision of this Agreement or any other Transaction Document or any Applicable Law.

7.2.3 Extreme shall pay promptly when due all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon, relating to or affecting any Collateral.

7.2.4 Without thirty days' prior written notice to Agent, Extreme shall not change Extreme's name or place of business (or, if Extreme has more than one place of business, its chief executive office).

7.2.5 Extreme shall appear in and defend, on behalf of Agent, any action or proceeding which may affect Extreme's title to or Agent's interest in the Collateral.

7.2.6 Subject to the express rights of Extreme under Article VI, Extreme shall not surrender or lose possession of (other than to Agent or a Deposit Taker pursuant hereto), sell, encumber, lease, rent, option, or otherwise dispose of or transfer any Collateral or right or interest therein, and Extreme shall keep the Collateral free of all Liens.

7.2.7 Extreme will not take any action which would in any manner impair the value or enforceability of Agent's pledge of or security interest in any Collateral, nor will Extreme fail to take any action which is required to prevent (and which Extreme knows is required to prevent) an impairment of the value or enforceability of Agent's pledge of or security interest in any Collateral.

7.2.8 Extreme shall pay (and shall indemnify and hold harmless Agent from and against) all Losses incurred by Agent in connection with or because of (A) the interest acquired by Agent in any Collateral pursuant to this Agreement, or (B) the negotiation or administration of this Agreement, whether such Losses are incurred at the time of execution of this Agreement or at any

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time in the future. Costs and expenses included in such Losses may include, without limitation, all filing and recording fees, taxes, UCC search fees and Attorneys' Fees incurred by Agent with respect to the Collateral.

7.2.9 Without limiting the foregoing, within five Business Days after Extreme becomes aware of any failure of the pledge or security interest contemplated herein in the Transition Account or any Account, Certificate of Deposit or Cash Collateral to be a valid, perfected, first priority

pledge or security interest (regardless of the characterization of the Transition Account or any Accounts, Certificates of Deposit or Cash Collateral as deposit accounts, instruments or general intangibles under the UCC), Extreme shall notify Agent, BNPLC and the Participants of such failure. In addition, if the failure would not exist but for Extreme's delivery of Cash Collateral to Agent subject to prior Liens or other claims by one or more third parties, or but for the grant by Extreme itself of any Lien or other interest in the Collateral to one or more third parties, then, in addition to any other remedies available to BNPLC or Agent under the circumstances, Extreme must pay to BNPLC any additional Base Rent that has accrued under the Land Lease because of (or that would have accrued if BNPLC had been aware of) the failure, together with interest at the Default Rate on any such additional Base Rent.

ARTICLE VIII AUTHORIZED ACTION BY AGENT

Section 8.1 Power of Attorney. Extreme hereby irrevocably appoints Agent as

Extreme's attorney-in-fact for the purpose of authorizing Agent to perform (but Agent shall not be obligated to and shall incur no liability to Extreme or any third party for failure to perform) any act which Extreme is obligated by this Agreement to perform, and to exercise, consistent with the other provisions of this Agreement, such rights and powers as Extreme might exercise with respect to the Collateral during any period in which a Default or Event of Default has occurred and is continuing, including the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral; (c) insure, process, preserve and enforce the Collateral; (d) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (e) pay any indebtedness of Extreme relating to the Collateral; and (f) execute UCC financing statements and other documents, instruments and agreements required hereunder. Extreme agrees that such care as Agent gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Agent's possession; provided, however,

that Agent shall not be obligated to Extreme to give any notice or take any action to preserve rights against any other Person in connection with the Secured Obligations or with respect to the Collateral.

ARTICLE IX DEFAULT AND REMEDIES

Section 9.1 Remedies. In addition to all other rights and remedies granted

to Agent, BNPLC or the Participants by this Agreement, the Land Lease, the Purchase Agreement, the Participation Agreement, the UCC and other Applicable Laws, Agent may, upon the occurrence and during the continuance of any Event of Default, exercise any one or more of the following rights and remedies, all of which will be in furtherance of its rights as a secured party under the UCC:

(a) Agent may collect, receive, appropriate or realize upon the Collateral or otherwise foreclose or enforce the pledge of or security interests in any or all Collateral in any manner permitted by Applicable Law or in this Agreement; and

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(b) Agent may notify any or all Deposit Takers to pay all or any portion of the Collateral held by such Deposit Taker(s) directly to Agent.

Agent shall distribute the proceeds of all Collateral received by Agent after the occurrence of an Event of Default to BNPLC and the Participants for application to the Secured Obligations. If any proceeds of Collateral remain after all Secured Obligations have been paid in full, Agent will deliver or direct the Deposit Takers to deliver such proceeds to Extreme or other Persons entitled thereto. In any case where notice of any sale or disposition of any Collateral is required, Extreme hereby agrees that seven (7) Business Days notice of such sale or disposition is reasonable.

ARTICLE X OTHER RECOURSE

Section 10.1 Recovery Not Limited. To the fullest extent permitted by

applicable law, Extreme waives any right to require that Agent, BNPLC or the Participants proceed against any other Person, exhaust any Collateral or other security for the Secured Obligations, or to have any Other Liable Party joined with Extreme in any suit arising out of the Secured Obligations or this Agreement, or pursue any other remedy in their power. Extreme waives any and all notice of acceptance of this Agreement. Extreme further waives notice of the creation, modification, rearrangement, renewal or extension for any period of any of the Secured Obligations of any Other Liable Party from time to time and any defense arising by reason of any disability or other defense of any Other Liable Party or by reason of the cessation from any cause whatsoever of the liability of any Other Liable Party. Until all of the Secured Obligations shall have been paid in full, Extreme shall have no right to subrogation, reimbursement, contribution or indemnity against any Other Liable Party and Extreme waives the right to enforce any remedy which Agent, BNPLC or any Participant has or may hereafter have against any Other Liable Party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Agent, BNPLC or any Participant. Extreme authorizes Agent, BNPLC and the Participants, without notice or demand and without any reservation of rights against Extreme and without affecting Extreme's liability hereunder or on the Secured Obligations, from time to time to (a) take or hold any other property of any type from any other Person as security for the Secured Obligations, and exchange, enforce, waive and release any or all of such other property, (b) after any Event of Default, apply or require the application of the Collateral (in accordance with this Agreement) or such other property in any order they may determine and to direct the order or manner of sale thereof as they may determine, (c) renew, extend for any period, accelerate, modify, compromise, settle or release any of the obligations of any Other Liable Party with respect to any or all of the Secured Obligations or other security for the Secured Obligations, and (d) release or substitute any Other Liable Party.

ARTICLE XI PROVISIONS CONCERNING AGENT

In the event of any conflict between the following and other provisions in this Agreement, the following will control:

Section 11.1 Appointment and Authority. BNPLC and each Participant hereby

irrevocably authorizes Agent, and Agent hereby undertakes, to take all actions and to exercise such powers under this Agreement as are specifically delegated to Agent by the terms hereof, together with all other powers reasonably incidental thereto. The relationship of Agent to the Participants is only that of one commercial bank acting as collateral agent for others, and nothing herein shall be construed to constitute Agent a trustee or other fiduciary for any Participant or anyone claiming through or under a Participant nor to impose on Agent duties and obligations other than those expressly provided for in this Agreement. With respect to any matters not expressly provided for in this Agreement and any matters which this Agreement places within the discretion of Agent, Agent shall not be required to exercise any discretion or take any action, and it may request instructions from BNPLC and Participants with respect to any such matter, in

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which case it shall be required to act or to refrain from acting (and shall be fully protected and free from liability to all Participants in so acting or refraining from acting) upon the instructions of the Majority, as defined in the Participation Agreement, including itself as a Participant and BNPLC; provided, however, that Agent shall not be required to take any action which exposes it to a risk of personal liability that it considers unreasonable or which is contrary to this Agreement or the other documents referenced herein or to Applicable Law.

Section 11.2 Exculpation, Agent's Reliance, Etc. Neither Agent nor any of

its directors, officers, agents, attorneys, or employees shall be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement, INCLUDING THEIR NEGLIGENCE OF ANY KIND, except that each shall be liable for its own gross negligence or willful misconduct. Without limiting the generality of the foregoing, Agent (1) may treat the rights of any Participant under its Participation Agreement as continuing until Agent receives written notice of the assignment or transfer of those rights in accordance with such Participation Agreement, signed by such Participant and in form satisfactory to Agent; (2) may consult with legal counsel (including counsel for

Extreme), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, unless the action taken or omitted constitutes misconduct; (3) makes no warranty or representation and shall not be responsible for any statements, warranties or representations made in or in connection with this Agreement or the other documents referenced herein; (4) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of the Transaction Documents on the part of any party thereto, or to inspect the property (including the books and records) of any party thereto; (5) shall not be responsible to any Participant for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Transaction Document or any instrument or document furnished in connection therewith; (6) may rely upon the representations and warranties of Extreme, Participants and Deposit Takers in exercising its powers hereunder; and (7) shall incur no liability under or in respect of the Transaction Documents by acting upon any notice, consent, certificate or other instrument or writing (including any telecopy, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper Person or Persons.

Section 11.3 Participant's Credit Decisions. Each Participant acknowledges

that it has, independently and without reliance upon Agent or any other Participant, made its own analysis of Extreme and the transactions contemplated hereby and its own independent decision to enter into the Transaction Documents to which it is a party. Each Participant also acknowledges that it will, independently and without reliance upon Agent or any other Participant and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Transaction Documents.

Section 11.4 Indemnity. Each Participant agrees to indemnify Agent (to the

extent not reimbursed by Extreme within ten days after demand) from and against such Participant's Percentage of any and all Losses of any kind or nature whatsoever which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against Agent growing out of, resulting from or in any other way associated with any of the Collateral, the Transaction Documents and the transactions and events (including the enforcement thereof) at any time associated therewith or contemplated therein. THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LOSSES ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY, OR ARE CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY AGENT, PROVIDED ONLY THAT NO PARTICIPANT SHALL BE OBLIGATED UNDER THIS SECTION TO INDEMNIFY AGENT FOR THAT PORTION, IF ANY, OF ANY LOSS WHICH IS PROXIMATELY CAUSED BY AGENT'S OWN INDIVIDUAL GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AS DETERMINED IN A

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FINAL JUDGMENT RENDERED AGAINST AGENT. Cumulative of the foregoing, each Participant agrees to reimburse Agent promptly upon demand for such Participant's Percentage share of any costs and expenses to be paid to Agent by Extreme hereunder to the extent that Agent is not timely reimbursed by Extreme as provided in subsection 7.2.8. As used in this Section the term "Agent" shall refer not only to the Person designated as such in the introductory paragraph of this Agreement, but also to each director, officer, agent, attorney, employee, representative and Affiliate of such Person.

Section 11.5 Agent's Rights as Participant and Deposit Taker. In its

capacity as a Participant, BNP PARIBAS shall have the same rights and obligations as any Participant and may exercise such rights as though it were not Agent. In its capacity as a Deposit Taker, BNP PARIBAS shall have the same rights and obligations as any Deposit Taker and may exercise such rights as though it were not Agent. BNP PARIBAS and any of its Affiliates may accept deposits from, lend money to, act as Trustee under indentures of, and generally engage in any kind of business with Extreme or its Affiliates, all as if BNP PARIBAS were not designated as the Agent hereunder and without any duty to account therefor to any other Participant.

Section 11.6 Investments. Whenever Agent in good faith determines that it

is uncertain about how to distribute any funds which it has received hereunder,

or whenever Agent in good faith determines that there is any dispute among BNPLC and Participants about how such funds should be distributed, Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if Agent is otherwise required to invest funds pending distribution, Agent shall invest such funds pending distribution, all interest on any such investment shall be distributed upon the distribution of such investment and in the same proportion and to the same Persons as such investment. All moneys received by Agent for distribution to BNPLC or Participants shall be held by Agent pending such distribution solely as Agent hereunder, and Agent shall have no equitable title to any portion thereof.

Section 11.7 Benefit of Article XI. The provisions of this Article (other

than the following Section 11.8) are intended solely for the benefit of Agent, BNPLC and Participants, and Extreme shall not be entitled to rely on any such provision or assert any such provision in a claim or defense against Agent, BNPLC or any Participant. Agent, BNPLC and Participants may waive or amend such provisions as they desire without any notice to or consent of Extreme.

Section 11.8 Resignation. Agent may resign at any time by giving written

notice thereof to BNPLC, Participants and Extreme. Upon any such resignation the Majority (as defined in the Participation Agreement) shall have the right to appoint a successor Agent, subject to Extreme's consent, such consent not to be unreasonably withheld. A successor must be appointed for any retiring Agent, and such Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring Agent's resignation, no successor Agent has been appointed and has accepted such appointment, then the retiring Agent may appoint a successor Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the laws of the United States of America or of any state thereof. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder, the provisions of this Article 10.1 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

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ARTICLE XII MISCELLANEOUS

Section 12.1 Provisions Incorporated From Other Operative Documents.

Reference is made to the Common Definitions and Provisions Agreement (Land), to the Purchase Agreement and to the Participation Agreement for a statement of the terms thereof. Without limiting the generality of the foregoing, the provisions of Article II of the Common Definitions and Provisions Agreement (Land) are incorporated into this Agreement for all purposes as if set forth in this Article.

Section 12.2 Cumulative Rights, etc. Except as herein expressly provided to

the contrary, the rights, powers and remedies of Agent, BNPLC and the Participants under this Agreement shall be in addition to all rights, powers and remedies given to them by virtue of any Applicable Law, any other Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing their respective rights hereunder. Extreme waives any right to require Agent, BNPLC or any Participant to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Agent's, BNPLC's or such Participant's power.

Section 12.3 Survival of Agreements. All representations and warranties of

Extreme herein, and all covenants and agreements herein shall survive the execution and delivery of this Agreement, the execution and delivery of any other Transaction Documents and the creation of the Secured Obligations and continue until terminated or released as provided herein.

Section 12.4 Other Liable Party. Neither this Agreement nor the exercise by

Agent or the failure of Agent to exercise any right, power or remedy conferred herein or by law shall be construed as relieving any Other Liable Party from

liability on the Secured Obligations or any deficiency thereon. This Agreement shall continue irrespective of the fact that the liability of any Other Liable Party may have ceased or irrespective of the validity or enforceability of any other agreement evidencing or securing the Secured Obligations to which Extreme or any Other Liable Party may be a party, and notwithstanding the reorganization, death, incapacity or bankruptcy of any Other Liable Party, or any other event or proceeding affecting any Other Liable Party.

Section 12.5 Termination. Following the Designated Sale Date, upon

satisfaction in full of all Secured Obligations and upon written request for the termination hereof delivered by Extreme to Agent, (i) this Agreement and the pledge and security interest created hereby shall terminate and all rights to the Collateral shall revert to Extreme and (ii) Agent will, upon Extreme's request and at Extreme's expense execute and deliver to Extreme such documents as Extreme shall reasonably request to evidence such termination and release.

[The signature pages follow.]

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IN WITNESS WHEREOF, Extreme, BNPLC, Agent and the Participants whose signatures appear below have caused this Agreement to be executed as of June 1, 2000.

"Extreme"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[Continuation of signature pages to Pledge Agreement (Land) dated to be effective June 1, 2000]

"BNPLC"

BNP LEASING CORPORATION

By: _____
Lloyd G. Cox, Vice President

[Continuation of signature pages to Pledge Agreement (Land) dated to be effective June 1, 2000]

"AGENT"

BNP PARIBAS

By: _____
Name: _____
Title: _____

"PARTICIPANT"

BNP PARIBAS

By: _____
Name: _____

Title: _____

ATTACHMENT 1
TO PLEDGE AGREEMENT

CERTIFICATE OF DEPOSIT

(No. _____)

[-----, ----]

[NAME OF THE ISSUING
DEPOSIT TAKER AND THE
ADDRESS OF ITS APPLICABLE
ACCOUNT OFFICE]

Payable to
the order of: BNP PARIBAS, as Agent under the Pledge Agreement (Land) dated
June 1, 2000, among Extreme Networks, Inc., BNP Leasing
Corporation, BNP PARIBAS and any other financial institutions
which are from time to time Participants under such Pledge
Agreement (Land) and BNP PARIBAS, acting in its capacity as agent
for BNPLC and the Participants

Dollars

in current funds, without interest, seven days after presentment of this
certificate properly endorsed.

The bank issuing this certificate acknowledges and certifies that on the date
indicated above the payee deposited the dollar amount indicated above, and that
such amount shall be payable as provided above.

Authorized Signature

ATTACHMENT 2
TO PLEDGE AGREEMENT

SUPPLEMENT TO PLEDGE AGREEMENT

[-----, ----]

BNP PARIBAS

Extreme Networks, Inc.

1. Reference is made to the Pledge Agreement (Land) (the "Pledge Agreement")
dated June 1, 2000 among Extreme Networks, Inc. ("Extreme"), BNP Leasing
Corporation ("BNPLC"), BNP PARIBAS and any other financial institutions which
are from time to time Participants under such Pledge Agreement (collectively,
the "Participants") and BNP PARIBAS, acting in its capacity as agent for BNPLC
and the Participants (in such capacity, "Agent"). Unless otherwise defined
herein, all capitalized terms used in this Supplement have the respective
meanings given to those terms in the Pledge Agreement.

2. The undersigned hereby certifies to Agent and Extreme that the undersigned has become a party to the Participation Agreement by executing a supplement as provided therein and that its Percentage thereunder is _____%.

3. The undersigned, by executing and delivering this Supplement to Extreme and Agent, hereby agrees to become a party to the Pledge Agreement and agrees to be bound by all of the terms thereof applicable to Participants. The Deposit Taker for the undersigned shall be _____, until such time as another Deposit Taker for the undersigned shall be designated in accordance with Sections 4.4 or 4.5 of the Pledge Agreement. The undersigned certifies to Agent and Extreme that such Deposit Taker is an Initially Qualified Deposit Taker and satisfies the requirements for a Deposit Taker set forth in Section 4.1 of the Pledge Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Supplement as of the day and year indicated above.

[_____]

By: _____
Name: _____
Title: _____

ATTACHMENT 3
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S ELECTION TO CHANGE THE COLLATERAL PERCENTAGE

[-----, -----]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Land) (the "Pledge Agreement") dated June 1, 2000 among
--

Extreme Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement referenced above. This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 3.1 of the Pledge Agreement, Extreme elects to change the Collateral Percentage to:

_____ percent (___%),

on the following Base Rent Date (which will be the first day of a new Base Rent Period):

-----, ----

Extreme expects that multiplying the new Collateral Percentage specified above against Stipulated Loss Value of:

_____ Dollars (\$_____),

will result in an expected new Minimum Collateral Value of:

_____ Dollars (\$_____).

[NOTE: THE NEXT PARAGRAPH WILL BE INCLUDED ONLY IN A NOTICE OF AN INCREASE IN THE COLLATERAL PERCENTAGE, BECAUSE OF WHICH EXTREME WILL BE REQUIRED TO DELIVER

ADDITIONAL CASH COLLATERAL TO SATISFY THE MINIMUM COLLATERAL VALUE REQUIREMENTS
IN SECTION 5.1 OF THE PLEDGE AGREEMENT:

Because of the increase in the Collateral Percentage which will result from this notice and the corresponding increase in the Minimum Collateral Value, Extreme will deliver additional Cash Collateral to you as required by Section 5.1 of the Pledge Agreement no later than 12:00 noon (San Francisco time) on the Base Rent Date specified above, in the amount of:

_____ Dollars (\$_____).]

To assure you that Extreme has satisfied the conditions to its right to change the Collateral Percentage as provided in this notice, and to induce you to rely upon this notice in discharging your responsibilities under the Pledge Agreement, Extreme certifies to you that:

1. Extreme is giving this notice to you, BNPLC and the Participants at least ten Business Days prior to the Base Rent Date specified above, and such Base Rent Date is the commencement of a Base Rent Period.
2. No Event of Default or other event or circumstance that would, pursuant to Section 3.2 of the Pledge Agreement, preclude Extreme from designating the new Collateral Percentage above has occurred and is continuing, and Extreme does not anticipate that on the Base Rent Date specified above there will have occurred and be continuing any such Event of Default or other event or circumstance.
3. The new Collateral Percentage specified by Extreme above is not less than the Minimum Collateral Percentage currently in effect.

NOTE: YOU SHALL BE ENTITLED TO DISREGARD THIS NOTICE IF THE STATEMENTS ABOVE ARE

NOT CORRECT. HOWEVER, WE ASK THAT YOU NOTIFY EXTREME IMMEDIATELY IF FOR ANY
REASON YOU BELIEVE THIS NOTICE IS DEFECTIVE.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC and all Participants]

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ATTACHMENT 4
TO PLEDGE AGREEMENT

NOTICE OF SECURITY INTEREST

[-----, -----]

[Name of Deposit Taker]
[Address of Deposit Taker]

1. Reference is made to the Pledge Agreement (Land) (the "Pledge Agreement") dated June 1, 2000 among Extreme Networks, Inc. ("Extreme"), BNP Leasing Corporation ("BNPLC"), BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (collectively, the "Participants") and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants (in such capacity, "Agent"). Unless otherwise defined herein, all capitalized terms used in this Notice have the respective meanings given to those terms in the Pledge Agreement.
2. Extreme has informed Agent that Extreme has established with the addressee of this Notice (the "Deposit Taker") the following non-interest bearing

Account(s) to be maintained at the following Account Office(s):

Account Type	Account Office	Account Number
Time Deposit	_____	_____
Time Deposit	_____	_____
Time Deposit	_____	_____

Extreme has further informed Agent that Extreme intends to maintain Cash Collateral in such Account(s), and that to evidence such Account(s) and the amount of Cash Collateral held therein from time to time, Extreme has authorized the Deposit Taker to issue Certificates of Deposit payable to the order of Agent as provided in the Pledge Agreement.

3. Extreme and Agent hereby notify Deposit Taker that, pursuant to the Pledge Agreement, Extreme has granted to Agent, for the ratable benefit of BNPLC and the Participants as security for the Secured Obligations, a pledge of and security interest in all Accounts and other Collateral maintained by Extreme with Deposit Taker, including the Account(s) described in Section 2 above.

4. In furtherance of such grant, Extreme and Agent hereby authorize and direct Deposit Taker to:

(a) hold all Collateral for Agent and as Agent's bailee, separate and apart from all other property and funds of Extreme and all other Persons and to permit no other funds to be deposited or credited to the Account(s);

(b) make a notation in its books and records of the interest of Agent in the Collateral and that the Account(s) and all deposits therein or sums credited thereto are subject to a pledge and security interest in favor of Agent;

(c) issue and redeem Certificates of Deposit evidencing the Account(s), as directed by Agent pursuant to the Pledge Agreement;

(d) take such other steps as Agent may reasonably request to record, maintain, validate and perfect its pledge of and security interest in the Collateral; and

(e) upon receipt of notice from Agent that an Event of Default has occurred, transfer and deliver to Agent or its nominee, together with all necessary endorsements, all or such portion of the Collateral held by Deposit Taker as Agent shall direct; provided, however, that in connection therewith the Deposit Taker may require compliance by Agent with the provisions in Section 5.4 of the Pledge Agreement for redemption of any outstanding Certificates of Deposit which evidence the Account(s).

5. Extreme and Agent agree that (a) the possession by Deposit Taker of all money, instruments, chattel paper and other property constituting Collateral shall be deemed to be possession by Agent or a person designated by Agent, for purposes of perfecting the security interest granted to Agent hereunder pursuant to Section 9305, 8313 or 8213 of the UCC (as the case may be), and (b)

notifications by Deposit Taker to other Persons holding any such property, and Acknowledgments, receipts or confirmations from such Persons delivered to Deposit Taker, shall be deemed notifications to, or Acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of the Deposit Taker for the benefit of Agent for the purposes of perfecting such security interests under applicable law.

6. As contemplated by the Pledge Agreement, please acknowledge Deposit Taker's receipt of, and consent to, this notice and confirm the representations and agreements set forth in the Acknowledgment and Agreement attached hereto by executing the same and returning this letter to Agent. For your files, a copy of this letter is enclosed which you may retain. The authorizations and directions set forth herein may not be revoked or modified without the written consent of Agent.

"AGENT"

BNP PARIBAS

By: _____
Name: _____
Title: _____

"EXTREME"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

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ACKNOWLEDGMENT AND AGREEMENT
OF DEPOSIT TAKER

Deposit Taker hereby acknowledges receipt of, and consents to, the above notice, acknowledges that it will hold the Collateral for Agent and as Agent's bailee, agrees to comply with the authorizations and directions set forth above and represents to and agrees with Extreme and Agent as follows:

(a) Deposit Taker is a commercial bank, organized under the laws of the United States of America or a state thereof or under the laws of another country which is doing business in the United States of America. Deposit Taker is authorized to maintain deposit accounts for others through the Account Offices specified in the above notice, and Deposit Taker will not move the accounts described in the above notice to other offices without the prior written authorization of Agent and Extreme.

(b) Deposit Taker has a combined capital, surplus and undivided profits of at least \$500,000,000.

(c) The information set forth above regarding the Account(s) is accurate. Such Account(s) is (are) currently open and Deposit Taker has no prior notice of any other pledge, security interest, Lien, adverse claim or interest in such Account(s).

(d) Deposit Taker shall promptly notify Extreme and Agent if the representations made by Deposit Taker above cease to be true and correct.

(e) Deposit Taker shall not (i) allow the withdrawal of funds from any Account by any Person other than Agent, or (ii) without in each case first obtaining the prior written authorization of Agent, setoff or attempt to setoff any Secured Obligations owed to Deposit Taker against any Collateral held from time to time by Deposit Taker, or (iii) without in each case first obtaining the prior written authorization of both Extreme and Agent, setoff or attempt to setoff any obligations owed to Deposit Taker other than Secured Obligations, against any Collateral held from time to time by Deposit Taker.

[_____]

By: _____
Name: _____
Title: _____

[Date]

EXAMPLES OF CALCULATIONS REQUIRED

 TO AVOID A COLLATERAL IMBALANCE

The examples below are provided to illustrate the calculations required for allocations of Cash Collateral in a manner that will avoid a Collateral Imbalance. The examples are not intended to reflect actual numbers under this Agreement or actual Percentages of BNPLC or any of the Participants; nor are the examples intended to provide a formula for the allocations that would be appropriate in every case. The examples also reflect adjustments that would be appropriate if the Collateral Percentage were adjusted from time to time from and after the Effective Date.

EXAMPLE NO. 1

Assumptions:

1. Two Participants ("Participant A" and "Participant B") are parties to the Participation Agreement with BNPLC. Participant A's Percentage is 50% and Participant B's Percentage is 45%, leaving BNPLC with a Percentage of 5%.
2. On the Effective Date, the Initial Funding Advance was \$12,000,000, resulting in a Stipulated Loss Value of \$12,000,000, allocable as follows:

A. BNPLC's Parent (providing BNPLC's share) (5%).....	\$ 600,000
B. Participant A (50%).....	6,000,000
C. Participant B (45%).....	5,400,000

TOTAL.....	\$12,000,000

3. The Minimum Collateral Value on the Effective Date was \$7,200,000 (reflecting a Collateral Percentage of 60% times Stipulated Loss Value).
4. On the Effective Date, Extreme had delivered to Agent Cash Collateral of \$7,200,000, equal to the Minimum Collateral Value, as required by Section 5.1 of this Agreement.

Allocation of Cash Collateral Required: To avoid a Collateral Imbalance under

 these assumptions, Agent would be required to allocate the \$7,200,000 to the Deposit Takers for BNPLC and the Participants as follows:

A. BNPLC's Deposit Taker (5% of Minimum Collateral Value).....	\$ 360,000
B. Participant A's Deposit Taker (50% of Minimum Collateral Value).....	3,600,000
C. Participant B's Deposit Taker (45% of Minimum Collateral Value).....	3,240,000

TOTAL.....	\$ 7,200,000

EXAMPLE NO. 2

Assumptions: Assume the same facts as in Example No. 1, and in addition assume

 that:

1. Effective as of the first Base Rent Date, Extreme increased its Collateral Percentage from 60% to

 80%, raising the Minimum Collateral Value to \$9,600,000. Because of such increase, Extreme also delivered an additional \$2,400,000 as Cash Collateral to Agent on the first Base Rent Date, bringing the total of all Cash Collateral delivered by Extreme to \$9,600,000 as required by Section 5.1 of this Agreement.

2. Also effective as of the first Base Rent Date, a new Participant approved by Extreme ("Participant C") became a party to this Agreement and the Participation Agreement, taking a Percentage of 20%. Simultaneously, Participant A and Participant B entered into supplements to the Participation Agreement which reduced their Percentages to 40% and 35%, respectively.

Allocation of Cash Collateral Required: To avoid a Collateral Imbalance under -----
 these assumptions, Agent would be required to allocate the Cash Collateral as required to leave the Deposit Takers for BNPLC and the Participants with the following amounts:

A.	BNPLC's Deposit Taker (5% of Minimum Collateral Value).....	\$ 480,000
B.	Participant A's Deposit Taker (40% of Minimum Collateral Value).....	3,840,000
C.	Participant B's Deposit Taker (35% of Minimum Collateral Value).....	3,360,000
D.	Participant C's Deposit Taker (20% of Minimum Collateral Value).....	1,920,000

	TOTAL.....	\$9,600,000

Thus, to prevent a Collateral Imbalance, Agent would have to allocate the \$2,400,000 of additional Cash Collateral it received on the first Base Rent Date as follows:

A.	BNPLC's Deposit Taker (\$480,000 less \$360,000 already on deposit)	\$ 120,000
B.	Participant A's Deposit Taker (\$3,840,000 less \$3,600,000 already on deposit).....	240,000
C.	Participant B's Deposit Taker (\$3,360,000 less \$3,240,000 already on deposit).....	120,000
D.	Participant C's Deposit Taker (\$1,920,000 less \$0 already on deposit).....	\$1,920,000

	TOTAL.....	\$2,400,000

EXAMPLE NO. 3

Assumptions: Assume the same facts as in Example No. 2, except that:

1. Instead of increasing its Collateral Percentage from 60% to 80%, Extreme increased its Collateral Percentage to 70% on the first Base Rent Date, raising the Minimum Collateral Value to \$8,400,000. Because of such increase, Extreme delivered an additional \$1,200,000 as additional Cash Collateral to Agent on the first Base Rent Date, bringing the total of all Cash Collateral delivered by Extreme to \$8,400,000 as required by Section 5.1 of this Agreement.

Allocation of Cash Collateral Required: To avoid a Collateral Imbalance under -----
 these assumptions, Agent would be required to allocate the Cash Collateral as required to leave the Deposit Takers for BNPLC and the Participants with the following amounts:

A.	BNPLC's Deposit Taker (5% of Minimum Collateral Value).....	\$ 420,000
B.	Participant A's Deposit Taker (40% of Minimum Collateral Value).....	3,360,000
C.	Participant B's Deposit Taker (35% of Minimum Collateral Value).....	2,940,000
D.	Participant C's Deposit Taker (20% of Minimum Collateral Value).....	1,680,000

	TOTAL.....	\$8,400,000

Thus, to prevent a Collateral Imbalance, Agent would have to allocate the

\$1,200,000 of additional Cash Collateral it received on the first Base Rent Date as follows:

A. BNPLC's Deposit Taker (\$420,000 less \$360,000 already on deposit)	\$ 60,000
B. Participant A's Deposit Taker (\$3,360,000 less \$3,600,000 already on deposit).....	(240,000)
C. Participant B's Deposit Taker (\$2,940,000 less \$3,240,000 already on deposit).....	(300,000)
D. Participant C's Deposit Taker (\$1,680,000 less \$0 already on deposit).....	1,680,000

TOTAL.....	\$1,200,000

NOTE: THE NEGATIVE AMOUNTS (IN PARENTHESIS) ABOVE REPRESENT REQUIRED WITHDRAWALS

RATHER THAN DEPOSITS. AS EXAMPLE NO. 3 ILLUSTRATES, TO AVOID A COLLATERAL
IMBALANCE AGENT MAY FROM TIME TO TIME HAVE TO WITHDRAW CASH COLLATERAL HELD BY
THE DEPOSIT TAKER FOR ONE PARTICIPANT AND DEPOSIT IT IN AN ACCOUNT MAINTAINED BY
A DEPOSIT TAKER FOR ANOTHER PARTICIPANT.

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ATTACHMENT 6
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT TO

WITHDRAW EXCESS CASH COLLATERAL

[_____, ____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,
--
Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial
institutions which are from time to time Participants under such
Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as
agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings
assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge
Agreement"). This letter constitutes notice to you, as Agent under the Pledge
Agreement, that pursuant to Section 6.1 of the Pledge Agreement, Extreme
requires you to withdraw from the Accounts and return to Extreme the following
amount:

_____ Dollars (\$_____)

on the following date:

-----, ----

To assure you that Extreme has satisfied the conditions to its right to
require such withdrawal, and to induce you to comply with this notice, Extreme
certifies to you that:

1. Your withdrawal and delivery of the amount specified above to
Extreme will not cause the Value of the remaining Collateral to be less
than the Minimum Collateral Value. After giving effect to such withdrawal,
the Collateral remaining in the Accounts maintained by the Deposit Takers
will be:

_____ Dollars (\$_____),

and the Minimum Collateral Value on the date specified above will equal:

_____ Dollars (\$_____).

Such Minimum Collateral Value equals the Collateral Percentage of:

_____ percent (___%),

times the Stipulated Loss Value of:

_____ Dollars (\$_____).

2. Extreme is giving this notice to you, BNPLC and the Participants at least ten days prior to the date specified above.

3. No Default or Event of Default has occurred and is continuing as of the date of this notice, and Extreme does not anticipate that any Default or Event of Default will have occurred and be continuing on the date upon which the withdrawal is required.

4. Extreme agrees that you may determine the Accounts from which to make any withdrawal required by Extreme pursuant to this Section as necessary to prevent or mitigate any Collateral Imbalance.

NOTE: YOU SHALL BE ENTITLED TO DISREGARD THIS NOTICE IF THE STATEMENTS

ABOVE ARE NOT CORRECT OR IF THE DATE FOR WITHDRAWAL SPECIFIED ABOVE IS LESS THAN TEN DAYS AFTER YOUR RECEIPT OF THIS NOTICE. HOWEVER, WE ASK THAT YOU NOTIFY EXTREME IMMEDIATELY IF FOR ANY REASON YOU BELIEVE THIS NOTICE IS DEFECTIVE.

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Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentment of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to Deposit Takers seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this

notice that you might execute and send to Deposit Takers to advise them of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amounts Extreme believes you must withdraw from each Account to avoid a Collateral Imbalance.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC and all Participants]

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Annex 1

TO EXTREME'S NOTICE OF REQUIREMENT TO

WITHDRAW CASH EXCESS COLLATERAL

[_____, ____]

Deposit Takers on the

Attached Distribution List

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,
--
Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge Agreement"). This letter constitutes notice from the undersigned, as Agent under the Pledge Agreement, that pursuant to Section 6.1 of the Pledge Agreement, Extreme requires Agent to withdraw from the Accounts and return to Extreme the amounts listed below on the following date:

_____, ____

Accordingly, on such date, the undersigned intends to withdraw the following amounts from the following Accounts, and with this letter the undersigned is presenting Certificates of Deposit as required in connection with such withdrawal:

Deposit Taker	Account No.	Amount
1. _____	_____	\$ _____
2. _____	_____	\$ _____
3. _____	_____	\$ _____
4. _____	_____	\$ _____
TOTAL WITHDRAWALS:		\$=====

BNP PARIBAS, AS AGENT

By: _____
Name: _____
Title: _____

[cc BNPLC and Extreme]

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ATTACHMENT 7
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT OF

DIRECT PAYMENTS TO PARTICIPANTS

[_____, ____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,
--
Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge Agreement"). This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 6.2 of the Pledge Agreement, Extreme requires you to withdraw from the Accounts and pay directly to the Participants (in proportion to their respective Percentages) the following amount:

_____ Dollars (\$_____)

on the following date (which, Extreme acknowledges, must be the Designated Sale Date or a date thereafter prior to an Event of Default):

_____, ____

The amount specified above equals the following percentage (equal to the aggregate of all Participant's Percentages):

_____percent (____%),

times the total of all Cash Collateral presently pledged under the Pledge Agreement:

_____ Dollars (\$_____).

To assure you that Extreme has satisfied the conditions to its right to require such withdrawal, and to induce you to comply with this notice, Extreme certifies to you that Extreme is giving this notice to you, BNPLC and the Participants at least ten days prior to the date of required withdrawal and payment specified above.

Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentment of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to Deposit Takers seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this

notice that you might execute and send to Deposit Takers to advise them of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amounts Extreme believes you must withdraw from each Account to comply with subsection 6.2.2 of the Pledge Agreement.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC and all Participants]

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Annex 1

TO EXTREME'S NOTICE OF REQUIREMENT TO

WITHDRAW CASH COLLATERAL FOR

DIRECT PAYMENTS TO PARTICIPANTS

[_____, ____]

Deposit Takers on the
Attached Distribution List

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,

--

Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge Agreement"). This letter constitutes notice from the undersigned, as Agent under the Pledge Agreement, that pursuant to Section 6.2 of the Pledge Agreement, Extreme requires Agent to withdraw from the Accounts and pay to the Participants (in proportion to their respective Percentages) the amounts listed below on the following date:

_____, ____

Accordingly, on such date, the undersigned intends to withdraw the following amounts from the following Accounts, and with this letter the undersigned is presenting Certificates of Deposit as required in connection with such withdrawal:

Deposit Taker	Account No.	Amount
1. _____	_____	\$ _____
2. _____	_____	\$ _____
3. _____	_____	\$ _____
4. _____	_____	\$ _____
	TOTAL WITHDRAWALS:	\$=====

BNP PARIBAS, AS AGENT

By: _____
Name: _____
Title: _____

[cc BNPLC and Extreme]

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ATTACHMENT 8
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT OF

DIRECT PAYMENT TO BNPLC

[_____, ____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,

--

Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge Agreement"). This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 6.3 of the Pledge Agreement, Extreme requires you to withdraw from the Account maintained by the Deposit Taker for BNPLC and pay directly to BNPLC on behalf of Extreme as a payment required by the Purchase Agreement the following amount:

_____ Dollars (\$_____)

on the following date (which, Extreme acknowledges, must be the Designated Sale Date or a date thereafter prior to an Event of Default):

_____/____

To assure you that Extreme has satisfied the conditions to its right to require such withdrawal, and to induce you to comply with this notice, Extreme certifies to you that Extreme is giving this notice to you and BNPLC at least ten days prior to the date of required withdrawal and payment specified above.

Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentment of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to the Deposit Taker for BNPLC seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this notice that you might execute and send to the Deposit

Taker for BNPLC to advise it of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amount Extreme believes you must withdraw to comply with Section 6.3 of the Pledge Agreement.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC]

Annex 1

TO EXTREME'S NOTICE OF REQUIREMENT OF

DIRECT PAYMENT TO BNPLC

[_____, ____]

[Name of the Deposit Taker for BNPLC]
[Address of such Deposit Taker]

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,
--
Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge Agreement"). This letter constitutes notice from the undersigned, as Agent under the Pledge Agreement, that pursuant to Section 6.3 of the Pledge Agreement, Extreme requires Agent to withdraw from the Account maintained by you, as Deposit Taker for BNPLC, the sum of:

_____ Dollars (\$_____)

and pay the same to BNPLC as a payment required by the Purchase Agreement on the following date:

_____/____

Accordingly, on such date, the undersigned intends to withdraw such amount from the following Account maintained by you as Deposit Taker for BNPLC, and with this letter the undersigned is presenting Certificate(s) of Deposit as

required in connection with such withdrawal.

BNP PARIBAS, AS AGENT

By: _____
Name: _____
Title: _____

[cc BNPLC and Extreme]

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ATTACHMENT 9
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT OF A WITHDRAWAL

OF CASH COLLATERAL FROM

A DISQUALIFIED DEPOSIT TAKER

[_____, ____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,
--
Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial
institutions which are from time to time Participants under such
Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as
agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge Agreement"). This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 6.4 of the Pledge Agreement, Extreme requires you to withdraw from the following Account maintained by the following Deposit Taker:

Deposit Taker Account No.
----- -----

Cash Collateral in the following amount:

_____ Dollars (\$_____)

and to deposit such Cash Collateral with other Deposit Takers who are not Disqualified Deposit Takers no later than ten days after the date upon which you receive this notice.

To assure you that Extreme has the right to require such withdrawal, and to induce you to comply with this notice, Extreme certifies to you that the Deposit Taker specified above has become a Disqualified Deposit Taker because it no longer satisfies the requirements listed in Section 4.1 of the Pledge Agreement. Specifically, such Deposit Taker no longer satisfies the following requirements:

[EXTREME MUST INSERT HERE A DESCRIPTION OF WHICH REQUIREMENTS THE DEPOSIT TAKER NO LONGER SATISFIES AND HOW EXTREME HAS DETERMINED THAT THE REQUIREMENTS ARE NO LONGER SATISFIED, ALL IN SUFFICIENT DETAIL TO PERMIT THE PARTICIPANT FOR WHOM SUCH DEPOSIT TAKER HAS BEEN MAINTAINING AN ACCOUNT TO RESPOND IF IT BELIEVES THAT EXTREME IS IN

ERROR.]

Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentment of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to the Deposit Taker specified above seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this notice that you might execute and send to such Deposit

Taker to advise it of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amount Extreme believes you must withdraw to comply with Section 6.4 of the Pledge Agreement.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC]

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Annex 1

TO EXTREME'S NOTICE OF REQUIREMENT OF A WITHDRAWAL

OF CASH COLLATERAL FROM

A DISQUALIFIED DEPOSIT TAKER

[_____, ____]

[Name of the Deposit Taker for BNPLC]
[Address of such Deposit Taker]

Re: Pledge Agreement (Land) dated June 1, 2000 among Extreme Networks,
--
Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Land) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Land) referenced above (the "Pledge Agreement"). This letter constitutes notice from the undersigned, as Agent under the Pledge Agreement, that pursuant to Section 6.4 of the Pledge Agreement, Extreme has advised Agent that you are a Disqualified Deposit Taker, and Extreme requires Agent to withdraw from the Account maintained by you, as a Deposit Taker under the Pledge Agreement, the sum of:

_____ Dollars (\$_____)

no later than the following date:

_____, ____

Accordingly, on such date, the undersigned intends to withdraw such amount from the Account maintained by you as Deposit Taker (Account No. _____), and with this letter the undersigned is presenting Certificate(s) of Deposit as required in connection with such withdrawal.

BNP PARIBAS, AS AGENT

By: _____
Name: _____
Title: _____

Schedule 1
TO PLEDGE AGREEMENT

[IN PLACE OF THIS PAGE, SUBSTITUTE SCHEDULE 1 ATTACHED TO THE LEASE]

PLEDGE AGREEMENT
(IMPROVEMENTS)
AMONG
BNP LEASING CORPORATION
("BNPLC")
BNP PARIBAS, AS AGENT
("Agent")
EXTREME NETWORKS, INC.
("Extreme")

AND
PARTICIPANTS AS DESCRIBED HEREIN
June 1, 2000

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PLEDGE AGREEMENT

(IMPROVEMENTS)

This PLEDGE AGREEMENT (IMPROVEMENTS) (this "Agreement") is made as of June 1, 2000 (the "Effective Date"), by EXTREME NETWORKS, INC., a California corporation ("Extreme"); BNP LEASING CORPORATION, a Delaware corporation ("BNPLC"); BNP PARIBAS ("BNPLC's Parent"), as a "Participant"; and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants (in such capacity, "Agent").

RECITALS

A. Extreme and BNPLC are parties to: (i) a Common Definitions and Provisions Agreement (Improvements) dated as of the Effective Date (the "Common Definitions and Provisions Agreement (Improvements)"); and (ii) a Purchase Agreement (Improvements) dated as of the Effective Date (the "Purchase Agreement"), pursuant to which Extreme has agreed to make a "Supplemental Payment" (as defined in the Common Definitions and Provisions Agreement (Improvements)), in consideration of the rights granted to Extreme by the Purchase Agreement.

B. Pursuant to a Participation Agreement dated the date hereof (the "Participation Agreement"), BNPLC's Parent has agreed with BNPLC to participate in the risks and rewards to BNPLC of the Purchase Agreement and other Operative Documents (as defined in the Common Definitions and Provisions Agreement (Improvements)), and the parties to this Agreement anticipate that other financial institutions may become parties to the Participation Agreement as Participants, agreeing to participate in the risks and rewards to BNPLC of the Purchase Agreement and other Operative Documents.

C. Extreme may from time to time deliver cash collateral for its obligations to BNPLC under the Purchase Agreement and for BNPLC's corresponding obligations to Participants under the Participation Agreement. This Agreement sets forth the terms and conditions governing such cash collateral.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.1 Capitalized Terms Used But Not Defined in This Agreement.

All capitalized terms used in this Agreement which are defined in Article I of the Common Definitions and Provisions Agreement (Improvements) and not otherwise defined herein shall have the same meanings herein as set forth in the Common Definitions and Provisions Agreement (Improvements). All terms used in this Agreement which are defined in the UCC and not otherwise defined herein shall have the same meanings herein as set forth therein, except where the context otherwise requires.

Section 1.2 Definitions. When used in this Agreement, the following terms

shall have the following respective meanings:

"Account" shall mean any deposit account maintained by a Deposit Taker into which Cash Collateral may be deposited at any time, excluding the Transition Account.

"Account Office" shall mean, with respect to any Account maintained by any Deposit Taker, the office of such Deposit Taker in California or New York at which such Account is maintained as specified in the applicable Deposit Taker's Acknowledgment and Agreement.

"Agent" shall have the meaning given to that term in the introductory paragraph hereof.

"BNPLC" shall have the meaning given to that term in the introductory paragraph hereof.

"BNPLC's Corresponding Obligations to Participants" shall mean BNPLC's obligations under the Participation Agreement to pay Participants their respective Percentages of (or amounts equal to their respective Percentages of) sums "actually received by BNPLC" (as defined in the Participation Agreement) in satisfaction of Extreme's Purchase Agreement Obligations; provided, however, any modification of the Participation Agreement executed after the date hereof without Extreme's written consent shall not be considered for purposes of determining BNPLC's Corresponding Obligations to Participants under this Agreement.

"Cash Collateral" shall mean (i) all money of Extreme which Extreme has delivered to Agent for deposit with a Deposit Taker pursuant to this Agreement, and (ii) any additional money delivered to Agent as Collateral pursuant to Section 4.9.

"Certificate of Deposit" shall mean a certificate of deposit issued by a Deposit Taker as required by Section 5.4 below to evidence an Account into which Cash Collateral has been deposited pursuant to this Agreement. Each Certificate of Deposit shall be issued in an amount equal to the Value of the Account which it evidences and shall otherwise be in the form set forth as ATTACHMENT 1.

"Collateral" shall have the meaning given to that term in Section 2.1 hereof.

"Collateral Imbalance" shall mean on any date prior to the Designated Sale Date that the Value (without duplication) of Accounts maintained by and Certificates of Deposit issued by the Deposit Taker for any Participant (other than a Disqualified Deposit Taker) does not equal such Participant's Percentage, multiplied by the lesser of (1) the Minimum Collateral Value in effect on such date, or (2) the aggregate Value of all Collateral subject to this Agreement on such date. For purposes of determining whether a Collateral Imbalance exists, the Value of any Accounts maintained by a bank that is acting as Deposit Taker for two or more Participants will be deemed to be held for them in proportion to

their respective Percentages, and the Value of any Accounts maintained by a bank as Deposit Taker for both a Participant and BNPLC (as in the case of BNPLC's Parent acting as Deposit Taker for itself, as a Participant, and for BNPLC) will be deemed to be held for the Participant only to the extent necessary to prevent or mitigate a Collateral Imbalance and otherwise for BNPLC.

"Collateral Percentage" shall mean the percentage designated by Extreme in accordance with this Agreement from time to time, but never less than the Minimum Collateral Percentage established as provided in Part III of Schedule 1.

"Default" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

"Deposit Taker" for BNPLC shall mean BNPLC's Parent and for each Participant shall mean the Participant itself; provided, that each of BNPLC and the Participants, for itself only, may from time to time designate another Deposit Taker as provided in Sections 4.4 and 4.5 below.

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"Deposit Taker Losses" shall mean the Value of any Cash Collateral delivered to a Deposit Taker, but that the Deposit Taker will not (because of the insolvency of the Deposit Taker, offsets by the Deposit Taker in violation of the Deposit Taker's Acknowledgment and Agreement, or otherwise) return to Extreme or return to Agent for disposition or application as provided herein or as required by applicable law.

"Deposit Taker's Acknowledgment and Agreement" shall have the meaning given to that term in subsection 4.1.2 hereof.

"Disqualified Deposit Taker" shall mean any Deposit Taker with whom Agent may decline to deposit Collateral pursuant to Section 4.1.

"Event of Default" shall mean the occurrence of any of the following:

(a) the failure by Extreme to pay all or any part of Extreme's Purchase Agreement Obligations when due, after giving effect to any applicable notice and grace periods expressly provided for in the Purchase Agreement;

(b) the failure by Extreme to provide funds as and when required by Section 5.1 of this Agreement, if within seven Business Days after such failure commences Extreme does not (1) cure such failure by delivering the funds required by Section 5.1, and (2) pay to BNPLC as additional Rent under the Improvements Lease an amount equal to interest at the Default Rate (as defined in the Improvements Lease) on such funds for the period from which they were first due to the date of receipt by Agent;

(c) the failure of the pledge or security interest contemplated herein in the Transition Account or any Account, Certificate of Deposit or Cash Collateral to be a Qualified Pledge (regardless of the characterization of the Transition Account or any Accounts, Certificates of Deposit or Cash Collateral as deposit accounts, instruments or general intangibles under the UCC), unless:

(I) such failure would not exist but for a breach of this Agreement by Agent or a breach of a Deposit Taker's Acknowledgment and Agreement by a Deposit Taker, or

(II) within five Business Days after Extreme becomes aware of such failure, Extreme shall (1) notify Agent, BNPLC and the Participants of such failure, and (2) cure such failure, and (3) to the extent required by Section 7.2.9, pay to BNPLC any additional Base Rent that has accrued under the Improvements Lease because of (or that would have accrued if BNPLC had been aware of) such failure, together with interest at the Default Rate on any such additional Base Rent;

(d) the failure of any representation herein by Extreme to be true (other than a failure described in another clause of this definition of Event of Default), if such failure is not cured within

thirty days after Extreme receives written notice thereof from Agent;

(e) the failure of any representation made by Extreme in subsection 7.1.1 to be true, if within fifteen (15) days after Extreme becomes aware of such failure, Extreme does not (1) notify Agent, BNPLC and the Participants of such failure, and (2) cure such failure, and (3) pay to BNPLC any additional Base Rent that has accrued under the

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Improvements Lease because of (or that would have accrued if BNPLC had been aware of) such failure, and (4) pay to BNPLC interest at the Default Rate on any such additional Base Rent;

(f) the failure by Extreme timely and properly to observe, keep or perform any covenant, agreement, warranty or condition herein required to be observed, kept or performed (other than a failure described in another clause of this definition of Event of Default), if such failure is not cured within thirty days after Extreme receives written notice thereof from Agent; and

(g) the failure by BNPLC to pay when due on or after the Designated Sale Date any of BNPLC's Corresponding Obligations to Participants, after giving effect to any applicable notice and grace periods expressly provided for in the Participation Agreement.

Notwithstanding the foregoing, if ever the aggregate Value of Cash Collateral held by Agent and the Deposit Takers exceeds the Minimum

Collateral Value then in effect, a failure of the pledge or security interest contemplated herein in such excess Cash Collateral to be a valid,

perfected, first priority pledge or security interest shall not constitute an Event of Default under this Agreement. Accordingly, to provide a cure as required to avoid an Event of Default under clauses (c) or (e) of this definition, Extreme could deliver additional Cash Collateral - the pledge of which or security interest in which created by this Agreement is a Qualified Pledge - sufficient in amount to cause the aggregate Value of the Cash Collateral then held by Agent and the Deposit Takers subject to a Qualified Pledge hereunder to equal or exceed the Minimum Collateral Value.

"Extreme" shall have the meaning given to that term in the introductory paragraph hereof.

"Extreme's Purchase Agreement Obligations" shall mean all of Extreme's obligations under the Purchase Agreement, including (i) Extreme's obligation to pay any Supplemental Payment as required under subparagraph

1(A) of the Purchase Agreement, and (ii) any damages incurred by BNPLC

because of (A) Extreme's breach of the Purchase Agreement or (B) the rejection by Extreme of the Purchase Agreement in any bankruptcy or insolvency proceeding.

"Initially Qualified Deposit Taker" means (1) BNP PARIBAS, acting through any branch, office or agency that can lawfully maintain an Account as a Deposit Taker hereunder, and (2) any of the fifty largest (measured by total assets) U.S. banks, or one of the one hundred largest (measured by total assets) banks in the world, with debt ratings of at least (i) A- (in the case of long term debt) and A-1 (in the case of short term debt) or the equivalent thereof by Standard and Poor's Corporation, and (ii) A3 (in the case of long term debt) and P-2 (in the case of short term debt) or the equivalent thereof by Moody's Investor Service, Inc. The parties believe it improbable that the ratings systems used by Standard and Poor's Corporation and by Moody's Investor Service, Inc. will be discontinued or changed, but if such ratings systems are discontinued or changed, Extreme shall be entitled to select and use a comparable ratings systems as a substitute for the S&P Rating or the Moody Rating, as the case may be, for purposes of determining the status of any bank as an Initially Qualified Deposit Taker.

"Lien" shall mean, with respect to any property or assets, any right or interest therein of a creditor to secure indebtedness of any kind which is owed to him or any other arrangement with such creditor which provides

for the payment of such indebtedness out of such property or assets or which allows him to have such indebtedness satisfied out of such property or assets prior to the general creditors of any owner thereof, including any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale

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agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by law or agreement or otherwise, but excluding any right of setoff which arises without agreement in the ordinary course of business. "Lien" also means any filed financing statement, any registration with an issuer of uncertificated securities, or any other arrangement which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement is undertaken before or after such Lien exists.

"Material Lease Default" shall mean any of the following:

(1) any "Event of Default" under and as defined in the Improvements Lease, including any such Event of Default consisting of a failure of Extreme to comply with the requirements of Schedule I

attached to the Improvements Lease; and

(2) (a) any failure of Extreme to make any payment required by and when first due under the Improvements Lease, regardless of whether any period provided in the Improvements Lease for the cure of such failure by Extreme shall have expired, and (b) any other default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an "Event of Default" under and as defined in the Improvements Lease, if such other default, event or failure involves a material noncompliance with Applicable Law. (For purposes of this definition, "material" noncompliance with Applicable Law will include any noncompliance, the correction of which has been requested by a governmental authority, or because of which a threat of action against the Property or BNPLC has been asserted by a governmental authority.)

"Minimum Collateral Percentage" shall mean the percentage established as such from time to time as described in Part III of Schedule 1.

"Minimum Collateral Value" shall mean (1) as of the Designated Sale Date or any prior date, an amount equal to the Collateral Percentage multiplied by the Stipulated Loss Value determined as of that date in accordance with the Improvements Lease; and (2) as of any date after the Designated Sale Date, an amount equal to the Break Even Price plus any unpaid interest accrued on past due amounts payable pursuant to Paragraph 1(a) of the Purchase Agreement.

"Notice of Security Interest" shall have the meaning given to that term in subsection 4.1.1 hereof.

"Other Liable Party" shall mean any Person, other than Extreme, who may now or may at any time hereafter be primarily or secondarily liable for any of the Secured Obligations or who may now or may at any time hereafter have granted to Agent a pledge of or security interest in any of the Collateral.

"Participants" shall mean BNPLC's Parent and any other financial institutions which may hereafter become parties to (i) this Agreement by completing, executing and delivering to Extreme and Agent a Supplement, and (ii) the Participation Agreement.

"Participation Agreement" shall have the meaning given to such term in Recital B hereof.

"Percentage" shall mean with respect to each Participant and the Deposit Taker for such Participant, such Participant's "Percentage" under and as defined in the Participation Agreement

for purposes of computing such Participant's right thereunder to receive payments of (or amounts equal to a percentage of) any sales proceeds or Supplemental Payment received by BNPLC under the Purchase Agreement. Percentages may be adjusted from time to time as provided in the Participation Agreement or as provided in supplements thereto executed as provided in the Participation Agreement.

"Qualified Pledge" means a pledge or security interest that constitutes a valid, perfected, first priority pledge or security interest.

"Secured Obligations" shall mean and include both Extreme's Purchase Agreement Obligations and BNPLC's Corresponding Obligations to Participants.

"Supplement" shall mean a supplement to this Agreement in the form of ATTACHMENT 2.

"Transaction Documents" shall mean, collectively, this Agreement, the Improvements Lease, the Purchase Agreement and the Participation Agreement.

"Transition Account" shall have the meaning given it in Section 5.2.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of California from time to time, and the Uniform Commercial Code as in effect in any other jurisdiction which governs the perfection or non-perfection of the pledge of and security interests in the Collateral created by this Agreement.

"Value" shall mean with respect to any Account, Certificate of Deposit or Cash Collateral on any date, a dollar value determined as follows (without duplication):

- (a) cash shall be valued at its face amount on such date;
- (b) an Account shall be valued at the principal balance thereof on such date; and
- (c) a Certificate of Deposit shall be valued at the face amount thereof.

Section 1.3 Attachments. All attachments to this Agreement are a part

hereof for all purposes.

Section 1.4 Amendment of Defined Instruments. Unless the context otherwise

requires or unless otherwise provided herein, references in this Agreement to a particular agreement, instrument or document (including references to the Improvements Lease, Purchase Agreement and Participation Agreement) also refer to and include all valid renewals, extensions, amendments, modifications, supplements or restatements of any such agreement, instrument or document; provided that nothing contained in this Section shall be construed to authorize any Person to execute or enter into any such renewal, extension, amendment, modification, supplement or restatement.

Section 1.5 References and Titles. All references in this Agreement to

Attachments, Articles, Sections, subsections, and other subdivisions refer to the Attachments, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivision are for convenience only and do not constitute any part of any such subdivision and shall be disregarded in construing the language contained in this Agreement. The words

"this Agreement", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this Article," "this Section" and

"this subsection" and similar phrases refer only to the Articles, Sections or subsections hereof in which the phrase occurs. The word "or" is not exclusive, and the word "including" (in all of its forms) means "including without limitation". Pronouns in masculine, feminine and neuter gender shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa unless the context otherwise requires.

ARTICLE II SECURITY INTEREST

Section 2.1 Pledge and Grant of Security Interest. As security for the

Secured Obligations, Extreme hereby pledges and assigns to Agent (for the ratable benefit of BNPLC and the Participants) and grants to Agent (for the ratable benefit of BNPLC and the Participants) a continuing security interest and lien in and against all right, title and interest of Extreme in and to the following property, whether now owned or hereafter acquired by Extreme (collectively and severally, the "Collateral"):

(a) All Cash Collateral, all Accounts, the Transition Account and all Certificates of Deposit issued from time to time and general intangibles arising therefrom or relating thereto (however, "general intangibles" as used in this clause shall not include any general intangibles not related to Cash Collateral, Accounts, the Transition Account or Certificates of Deposit issued from time to time, and thus will not include, without limitation, any intellectual property of Extreme); and all documents, instruments and agreements evidencing the same; and all extensions, renewals, modifications and replacements of the foregoing; and any interest or other amounts payable in connection therewith; and

(b) All proceeds of the foregoing (including whatever is receivable or received when Collateral or proceeds is invested, sold, collected, exchanged, returned, substituted or otherwise disposed of, whether such disposition is voluntary or involuntary, including rights to payment and return premiums and insurance proceeds under insurance with respect to any Collateral, and all rights to payment with respect to any cause of action affecting or relating to the Collateral).

The pledge, assignment and grant of a security interest made by Extreme hereunder is for security of the Secured Obligations only; the parties to this Agreement do not intend that Extreme's delivery of the Collateral to Agent as herein provided will constitute an advance payment of any Secured Obligations or liquidated damages, nor do the parties intend that the Collateral increase the dollar amount of the Secured Obligations.

Section 2.2 Return of Collateral After the Secured Obligations are

Satisfied in Full. If any proceeds of Collateral remain after all Secured

Obligations have been paid in full, Agent will deliver or direct the Deposit Takers to deliver such proceeds to Extreme or other Persons entitled thereto by law.

ARTICLE III DETERMINATION OF THE COLLATERAL PERCENTAGE

Section 3.1 Determination of the Collateral Percentage Generally.

Effective as of the date of this Agreement, and until a new Collateral Percentage becomes effective, the Collateral Percentage is 100%. Subject to the provisions of this Article III, Extreme may from time to time designate a new Collateral Percentage which is any multiple of 10% from 0% to 100% (i.e., 0%, 10%, 20%, 30%, etc.) by written notice delivered to Agent, BNPLC and the Participants in the form of ATTACHMENT 3. Any new Collateral Percentage so

designated shall not become effective, however, until the commencement of the next following Base Rent Period which is at least ten Business Days after the receipt of such notice by Agent, BNPLC and the Participants. Further, if Extreme provides more than one notice of a change in the

Collateral Percentage to be effective on a the first day of a particular Base Rent Period, then the latest such notice from Extreme which satisfies the requirements of the preceding sentence (and of Sections 3.2 and 3.3) will

control. Without limiting mandatory changes in the Collateral Percentage required by Section 3.3, in no event shall the Collateral Percentage be changed more often than once in any calendar quarter because of any election by Extreme to designate a new Collateral Percentage as provided in this Section. After any Collateral Percentage becomes effective as provided in this Article, it shall remain in effect until a different Collateral Percentage becomes effective as provided in this Article.

Section 3.2 Limitations on Extreme's Right to Lower the Collateral

Percentage. Notwithstanding the foregoing, no designation by Extreme of a new

Collateral Percentage will be effective to reduce the Collateral Percentage if the designation is given, or the reduction would otherwise become effective, on or after the Designated Sale Date or when any of the following shall have occurred and be continuing:

3.2.1 any Material Lease Default;

3.2.2 any Event of Default under and as defined in this Agreement; or

3.2.3 any Default under and as defined in this Agreement - excluding, however, any such Default limited to a failure of Extreme described in clause (c) or clause (e) of the definition of Event of Default above, with respect to which the time for cure specified in clause (c) or clause (e), as applicable, has not expired.

Section 3.3 Minimum Collateral Percentages Dependent Upon the Adjusted

EBITDAR Coverage Ratio. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN

CONTAINED, THE COLLATERAL PERCENTAGE SHALL NOT BE LESS THAN THE MINIMUM COLLATERAL PERCENTAGE ESTABLISHED FROM TIME TO TIME AS DESCRIBED IN PART III OF SCHEDULE 1. Accordingly, and because a new Base Rent Period will begin on the

first Business Day of the first calendar month following any Failed Collateral Test Date as provided in subparagraph 3(c)(ii)a) of the Improvements Lease,

Extreme shall be required by Section 5.1 to deliver additional Collateral on the first Business Day of the first calendar month after any Failed Collateral Test Date.

ARTICLE IV PROVISIONS CONCERNING DEPOSIT TAKERS

Section 4.1 Qualification of Deposit Takers Generally. Agent may decline

to deposit or maintain Collateral hereunder with any Person designated as a Deposit Taker, if such Person has failed to satisfy or no longer satisfies the following requirements:

4.1.1 Such Person must have received from Agent and Extreme a completed, executed Notice of Security Interest in the form of ATTACHMENT 4

(a "Notice of Security Interest") which specifically identifies any and all Accounts in which such Person shall hold Cash Collateral delivered to it pursuant to this Agreement and which designates Account Offices with respect to all such Accounts in New York or California.

4.1.2 Such Person must have executed the Acknowledgment and Agreement at the end of such Notice of Security Interest (the "Deposit Taker's Acknowledgment and Agreement") and returned the same to Agent. Further, such Person must have complied with the Deposit Taker's Acknowledgment and Agreement, and the representations set forth therein with respect to such Person must continue to be true and correct.

4.1.3 Such Person must be a commercial bank, organized under the laws of the United States of America or a state thereof or under the laws of another country which is doing business

in the United States of America; must be authorized to maintain deposit accounts for others through Account Offices in New York or California (as specified in the Deposit Taker's Acknowledgment and

Agreement); and must be an Affiliate of BNPLC or the Participant for whom such Person will act as Deposit Taker or must have a combined capital, surplus and undivided profits of at least \$500,000,000.

4.1.4 Such Person must have complied with the provisions in this Agreement applicable to Deposit Takers, including the provisions of Section 5.4 concerning the issuance and redemption of Certificates of Deposit.

Section 4.2 Existing Deposit Takers. BNPLC's Parent (as Deposit Taker

for itself and for BNPLC) has received a Notice of Security Agreement dated the Effective Date and has responded to such a notice with a Deposit Taker's Acknowledgment and Agreement dated the Effective Date, as contemplated in subsections 4.1.1 and 4.1.2.

Section 4.3 Replacement of Participants Proposed by Extreme. So long

as no Event of Default has occurred and is continuing, BNPLC shall not unreasonably withhold its approval for a substitution under the Participation Agreement of a new Participant proposed by Extreme for any Participant, the Deposit Taker for whom would no longer meet the requirements for an Initially Qualified Deposit Taker; provided, however, that (A) the proposed substitution can be accomplished without a release or breach by BNPLC of its rights and obligations under the Participation Agreement; (B) the new Participant will agree (by executing a Supplement and a supplement to the Participation Agreement as contemplated therein and by other agreements as may be reasonably required by BNPLC and Extreme) to become a party to the Participation Agreement and to this Agreement, to designate an Initially Qualified Deposit Taker as the Deposit Taker for it under this Agreement and to accept a Percentage under the Participation Agreement equal to the Percentage of the Participant to be replaced; (C) the new Participant (or Extreme) will provide the funds required to pay the termination fee by Section 6.4 of the Participation Agreement to

accomplish the substitution; (D) Extreme (or the new Participant) agrees in writing to indemnify and defend BNPLC for any and all Losses incurred by BNPLC in connection with or because of the substitution, including the cost of preparing supplements to the Participation Agreement and this Agreement and including any cost of defending and paying any claim asserted by the Participant to be replaced because of the substitution (but not including any liability of BNPLC to such Participant for damages caused by BNPLC's bad faith or gross negligence in the performance of BNPLC's obligations under the Participation Agreement prior to the substitution); (E) the new Participant shall be a reputable financial institution having a net worth of no less than seven and one half percent (7.5%) of total assets and total assets of no less than \$10,000,000,000.00 (all according to then recent audited financial statements); and (F) in no event will BNPLC be required to approve a substitution pursuant to this Section 4.3 which will replace a Participant that is an Affiliate of BNPLC. BNPLC shall attempt in good faith to assist (and cause BNPLC's Parent to attempt in good faith to assist) Extreme in identifying a new Participant that Extreme may propose to substitute for an existing Participant pursuant to this Section, as Extreme may reasonably request from time to time. However, in no event shall BNPLC itself, or any of its Affiliates, be required to take the Percentage of any Participant to be replaced.

Section 4.4 Mandatory Substitution for Disqualified Deposit Takers.

If any Deposit Taker shall cease to satisfy the requirements set forth in Section 4.1, the party for whom such Disqualified Deposit Taker has been designated as Deposit Taker (i.e., BNPLC or the applicable Participant) shall promptly (1) provide notice thereof to Agent and Extreme, and (2) designate a substitute Deposit Taker and cause the substitute to satisfy the requirements set forth in Section 4.1. Pending the designation of the substitute and the satisfaction by it of the requirements set forth in Section 4.1, Agent may withdraw Collateral held by the Disqualified Deposit Taker and deposit such Collateral with other Deposit Takers, subject to Section 5.3 below.

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Section 4.5 Voluntary Substitution of Deposit Takers. With the

written approval of Agent, which approval will not be unreasonably withheld, BNPLC or any Participant may at any time designate for itself a new Deposit Taker (in replacement of any prior Deposit Taker acting for it hereunder);

provided, the Person so designated has satisfied the requirements set forth in Section 4.1; and, provided further, unless the designation of a new Deposit Taker is required by Section 4.4 to replace a Disqualified Deposit Taker, at the time of the replacement such Person must be an Initially Qualified Deposit Taker.

Section 4.6 Delivery of Notice of Security Interest by Extreme and

Agent. To the extent required for the designation of a new Deposit Taker by

BNPLC or any Participant pursuant to Section 4.5, or to permit the substitution or replacement of a Deposit Taker for BNPLC or any Participant as provided in Sections 4.4 and 4.5, Extreme and Agent shall promptly execute and deliver any properly completed Notice of Security Interest requested by BNPLC or the applicable Participant.

Section 4.7 Constructive Possession of Collateral. The possession by

a Deposit Taker of any deposit accounts, money, instruments, chattel paper or other property constituting Collateral or evidencing Collateral shall be deemed to be possession by Agent or a person designated by Agent, for purposes of perfecting the security interest granted to Agent hereunder pursuant to the UCC or other Applicable Law; and notifications to a Deposit Taker by other Persons holding any such property, and Acknowledgments, receipts or confirmations from any such Persons delivered to a Deposit Taker, shall be deemed notifications to, or Acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of such Deposit Taker for the benefit of Agent for the purposes of perfecting such security interests under Applicable Law.

Section 4.8 Attempted Setoff by Deposit Takers. By delivery of a

Deposit Taker's Acknowledgment and Agreement, each Deposit Taker shall be required to agree not to setoff or attempt a setoff, without in each case first

obtaining the prior written authorization of Agent, Secured Obligations owed to

it against any Collateral held by it from time to time. Further, by delivery of a Deposit Taker's Acknowledgment and Agreement, each Deposit Taker shall be required to agree not to setoff or attempt a setoff, without in each case first

obtaining the prior written authorization of both Extreme and Agent, obligations

owed to it other than Secured Obligations against any Collateral held by it from time to time. Any Deposit Taker for BNPLC or a Participant shall not be permitted by BNPLC or the applicable Participant, as the case may be, to violate such agreements. However, Extreme acknowledges and agrees (without limiting its right to recover damages from a Deposit Taker that violates such agreements) that Agent shall not be responsible for, or be deemed to have taken any action against Extreme because of, any Deposit Taker's violation of such agreements; and, neither BNPLC nor any Participant shall be responsible for, or be deemed to have taken any action against Extreme because of, any violation of such agreements by a Deposit Taker for another party.

Section 4.9 Deposit Taker Losses. Agent shall not be responsible for

any Deposit Taker Losses. However, Deposit Taker Losses with respect to a Deposit Taker for a particular Participant shall reduce the amount of BNPLC's Corresponding Obligations to Participants which are payable to such Participant as provided in Section 2.2 of the Participation Agreement. Further, when Deposit

Taker Losses with respect to a Deposit Taker for a particular Participant are incurred in excess of the payments of Secured Obligations that such Participant would then have been entitled to receive under the Participation Agreement but for such Deposit Taker Losses, such Participant must immediately pay the excess to Agent as additional Collateral hereunder, failing which Extreme may recover any damages suffered by it because of the Deposit Taker Losses from such Deposit Taker or such Participant.

Section 4.10 Losses Resulting from Failure of Deposit Taker to Comply

with this Agreement. Any Participant, the Deposit Taker for whom has failed to

comply with the requirements of this Agreement or any Notices of Security Interest and any Deposit Taker's Acknowledgments and Agreements (the

"Responsible Participant") must defend, indemnify, and hold harmless BNPLC, Agent and the other Participants from and against any Losses resulting from such failure. Without limiting the foregoing, if the failure of a Deposit Taker for a Responsible Participant to comply strictly with the terms of this Agreement (including, without limitation, the provisions of Section 5.4 concerning the issuance and redemption of Certificates of Deposit and the requirement that any cash deposits be held in a deposit account located in either New York or California) causes, in whole or in part, the security interest of Agent in the Collateral held by such Deposit Taker to be unperfected, then any and all Losses suffered as a result of such nonperfection shall be borne solely by the Responsible Participant and shall not be shared by BNPLC, Agent or the other Participants.

ARTICLE V DELIVERY AND MAINTENANCE OF CASH COLLATERAL

Section 5.1 Delivery of Funds by Extreme. On the first day of any

Base Rent Period, and on any other date designated in a notice given by Agent to Extreme at least three Business Days prior to the date so designated, Extreme must deliver to Agent, subject to the pledge and security interest created hereby, funds as Cash Collateral then needed (if any) to cause the Value of the Collateral to be no less than the Minimum Collateral Value. Each delivery of funds required by the preceding sentence must be received by Agent no later than 12:00 noon (San Francisco time) on the date it is required; if received after 12:00 noon it will be considered for purposes of the Improvements Lease as received on the next following Business Day. At least five Business Days prior to the first day of any Base Rent Period upon which it is expected that Extreme will be required to deliver additional funds pursuant to this Section, Extreme shall notify BNPLC, Agent and each of the Participants thereof and of the amount Extreme expects to deliver to Agent as Cash Collateral on the applicable Base Rent Date. In addition to required deliveries of Cash Collateral as provided in the foregoing provisions, Extreme may on any date (whether or not the first day of a Base Rent Period) deliver additional Cash Collateral to Agent as necessary to prevent any Default from becoming an Event of Default. Upon receipt of any funds delivered to it by Extreme as Cash Collateral, Agent shall immediately deposit the same with the Deposit Takers in accordance with the requirements of Sections 5.3 and 5.4 below.

Section 5.2 Transition Account. Pending deposit in the Accounts or

other application as provided herein, all Cash Collateral received by Agent shall be credited to and held by Agent in an account (the "Transition Account") styled "Extreme Collateral Account, held for the benefit of BNP Leasing Corporation and the Participants," separate and apart from all other property and funds of Extreme or other Persons, and no other property or funds shall be deposited in the Transition Account. The books and records of Agent shall reflect that the Transition Account and all Cash Collateral on deposit therein are owned by Extreme, subject to a pledge and security interest in favor of Agent for the benefit of BNPLC and Participants.

Section 5.3 Allocation of Cash Collateral Among Deposit Takers. Funds

received by Agent from Extreme as Cash Collateral will be allocated for deposit among the Deposit Takers as follows:

first, to the extent possible the funds will be allocated as required

to rectify and prevent any Collateral Imbalance; and

second, the funds will be allocated to the Deposit Taker for BNPLC,

unless the Deposit Taker for BNPLC has become a Disqualified Deposit Taker, in which case the funds will be allocated to other Deposit Takers who are not Disqualified Deposit Takers as Agent deems appropriate.

Further, if for any reason a Collateral Imbalance is determined by Agent to exist, Agent shall, as required to rectify or mitigate the Collateral Imbalance, promptly reallocate Collateral among Deposit Takers by withdrawing Cash Collateral from some Accounts and redepositing it in other Accounts. (If any party to

this Agreement believes that the Value of the Accounts held by a particular Deposit Taker causes a Collateral Imbalance to exist, that party will promptly notify BNPLC, Extreme and Agent.) Subject to the foregoing, and provided that Agent does not thereby create or exacerbate a Collateral Imbalance, Agent may withdraw and redeposit Cash Collateral in order to reallocate the same among Deposit Takers from time to time as Agent deems appropriate. For purposes of illustration only, examples of the allocations required by this Section are set forth in ATTACHMENT 5.

Section 5.4 Issuance and Redemption of Certificates of Deposit. Upon

the receipt of any deposit of Cash Collateral from Agent, each Deposit Taker shall issue a Certificate of Deposit evidencing the Account into which such deposit is made and deliver such Certificate of Deposit to Agent for the benefit of BNPLC and the Participants. Each Certificate of Deposit shall be issued in an amount equal to the Value of the Account which it evidences and shall otherwise be in the form set forth as ATTACHMENT 1 to this Agreement. Upon depositing any

Cash Collateral into an Account that is already evidenced by an outstanding Certificate of Deposit, Agent will surrender the outstanding Certificate of Deposit, and in exchange the Deposit Taker receiving the deposit will issue a new Certificate of Deposit, evidencing the total amount of Cash Collateral in the Account after the deposit. A Deposit Taker that has issued a Certificate of Deposit may require the surrender of the Certificate of Deposit as a condition to a withdrawal from the Account evidenced thereby, including any withdrawal required or permitted by this Agreement. Upon surrender of a Certificate of Deposit in connection with a withdrawal of less than all of the Cash Collateral in the Account evidenced thereby, the applicable Deposit Taker will concurrently issue a new Certificate of Deposit to Agent, evidencing the balance of the Cash Collateral remaining on deposit in the Account after the withdrawal. Notwithstanding the foregoing, if any Certificate of Deposit held by Agent shall be destroyed, lost or stolen, the Deposit Taker that issued the Certificate, upon the written request of Agent, shall issue a new Certificate of Deposit to Agent in lieu of and in substitution for the Certificate of Deposit so destroyed, lost or stolen. However, as applicant for the substitute Certificate of Deposit, Agent must indemnify (at no cost to Extreme) the applicable Deposit Taker against any liability on the Certificate of Deposit destroyed, lost or stolen, and Agent shall furnish to the Deposit Taker an affidavit of an officer of Agent setting forth the fact of destruction, loss or theft and confirming the status of Agent as holder of the Certificate of Deposit immediately prior to the destruction, loss or theft. If any Certificate of Deposit held by Agent shall become mutilated, the Deposit Taker that issued the Certificate, upon the written request of Agent, shall issue a new Certificate of Deposit to Agent in exchange and substitution for the mutilated Certificate of Deposit. Agent shall hold all Certificates of Deposit for the benefit of BNPLC and the Participants, subject to the pledge and security interest created hereby.

Section 5.5 Status of the Accounts Under the Reserve Requirement

Regulations. Deposit Takers shall be permitted to structure the Accounts as

nonpersonal time deposits under 12 C.F.R., Part II, Chapter 204 (commonly known as "Regulation D"). Accordingly, each Deposit Taker may require at least seven days advance notice of any withdrawal or transfer of funds from Accounts it maintains and may limit the number of withdrawals or transfers from such Accounts to no more than six in any calendar month, notwithstanding anything to the contrary herein or in any deposit agreement that Extreme and any Deposit Taker may enter into with respect to any Account. As necessary to satisfy the seven days notice requirement with respect to withdrawals by Agent when required by Extreme pursuant to the provisions below, Agent shall notify Deposit Takers promptly after receipt of any notice from Extreme described in subsection 6.1.2 or 6.2.1 or in Section 6.3.

Section 5.6 Acknowledgment by Extreme that Requirements of this

Agreement are Commercially Reasonable. Extreme acknowledges and agrees that the

requirements set forth herein concerning receipt, deposit, withdrawal, allocation, application and distribution of Cash Collateral by Agent, including the requirements and time periods set forth in the next Article, are commercially reasonable.

ARTICLE VI WITHDRAWAL OF CASH COLLATERAL

Extreme may not withdraw Cash Collateral, except as follows:

Section 6.1 Withdrawal of Collateral Prior to the Designated Sale

Date. Extreme may require Agent to present Certificates of Deposit for payment

and withdraw Cash Collateral from Accounts on any date prior to the Designated Sale Date and to deliver such Cash Collateral to Extreme (which delivery shall be free and clear of all liens and security interests hereunder); provided, however, that in each case:

6.1.1 Such withdrawal and delivery of the Cash Collateral to Extreme will not cause the Value of the remaining Collateral to be less than the Minimum Collateral Value.

6.1.2 by a notice in the form of ATTACHMENT 6, Extreme must

give Agent, BNPLC and the Participants notice of the required withdrawal at least ten days prior to the date upon which the withdrawal is to occur.

6.1.3 No Default or Event of Default shall have occurred and be continuing at the time Extreme gives the notice required by the preceding subsection or on the date upon which the withdrawal is required.

6.1.4 Extreme must pay to Agent any and all costs incurred by Agent in connection with the withdrawal.

6.1.5 Agent shall determine the Accounts from which to make any withdrawal required by Extreme pursuant to this Section as necessary to prevent or mitigate any Collateral Imbalance.

Section 6.2 Withdrawal and Application of Cash Collateral to Reduce or

Satisfy the Secured Obligations to the Participants. To reduce the "Break Even

Price" or "Supplemental Payment" required under (and as defined in) the Purchase Agreement (and, thus, to reduce the Secured Obligations), Extreme may require Agent to withdraw Cash Collateral then held by or for Agent pursuant to this Agreement on the Designated Sale Date and to deliver the same on the Designated Sale Date or on any date thereafter prior to an Event of Default (which delivery shall be free and clear of all liens and security interests hereunder) directly to the Participants in proportion to their respective rights to payment of BNPLC's Corresponding Obligations to Participants and for application thereto or the reduction thereof pursuant to Section 2.2 of the Participation Agreement;

provided, that:

6.2.1 by a notice in the form of ATTACHMENT 7, Extreme must

have notified Agent, BNPLC and each of the Participants of the required withdrawal and payment to Participants at least ten days prior to the date upon which it is to occur;

6.2.2 the required withdrawal shall be made as determined by Agent, first, from the Accounts maintained by the Deposit Takers for the Participants, and then (to the extent necessary) from the Accounts maintained by the Deposit Taker for BNPLC; and

6.2.3 in any event, no withdrawals or payments directly to Participants shall be required by this Section 6.2 (or permitted over the objection of BNPLC) in excess of those required to satisfy BNPLC's Corresponding Obligations to Participants or to reduce such obligations to zero under the Participation Agreement.

Section 6.3 Withdrawal and Application of Cash Collateral to Reduce or

Satisfy the Secured Obligations to BNPLC. To satisfy Extreme's Purchase

Agreement Obligations, Extreme may require

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Agent to withdraw any Cash Collateral held by the Deposit Taker for BNPLC pursuant to this Agreement on the Designated Sale Date and to deliver the same on the Designated Sale Date or on any date thereafter prior to an Event of Default (which delivery shall be free and clear of all liens and security interests hereunder) directly to BNPLC as a payment on behalf of Extreme of amounts due under the Purchase Agreement; provided, that by a notice in the form of ATTACHMENT 8, Extreme must have notified Agent and BNPLC of the required

withdrawal and payment to BNPLC at least ten days prior to the date upon which it is to occur.

Section 6.4 Withdrawal of Cash Collateral From Accounts Maintained by

Disqualified Deposit Takers. Extreme may from time to time prior to the

Designated Sale Date (regardless of the existence of any Default or Event of Default) require Agent to withdraw any or all Cash Collateral from any Account maintained by a Disqualified Deposit Taker and deposit it, still subject to the pledge and grant of security interest hereunder, with other Deposit Takers who are not Disqualified Deposit Takers (in accordance with the requirements of Sections 5.3 and 5.4) on any date prior to the Designated Sale Date; provided, that by a notice in the form of ATTACHMENT 9, Extreme must have notified Agent, BNPLC and each of the Participants of the required withdrawal at least ten days prior to the date upon which it is to occur.

ARTICLE VII REPRESENTATIONS AND COVENANTS OF EXTREME

Section 7.1 Representations of Extreme. Extreme represents to BNPLC,

Agent and the Participants as follows:

7.1.1 Extreme is the legal and beneficial owner of the Collateral (or, in the case of after-acquired Collateral, at the time Extreme acquires rights in the Collateral, will be the legal and beneficial owner thereof). No other Person has (or, in the case of after-acquired Collateral, at the time Extreme acquires rights therein, will have) any right, title, claim or interest (by way of Lien, purchase option or otherwise) in, against or to the Collateral, except for rights created hereunder.

7.1.2 Agent has (or in the case of after-acquired Collateral, at the time Extreme acquires rights therein, will have) a valid, first priority, perfected pledge of and security interest in the Collateral, regardless of the characterization of the Collateral as deposit accounts, instruments or general intangibles under the UCC, but assuming that the representations of each Deposit Taker in its Deposit Taker's Acknowledgment and Agreement are true.

7.1.3 Extreme has delivered to Agent, together with all necessary stock powers, endorsements, assignments and other necessary instruments of transfer, the originals of all documents, instruments and agreements evidencing Accounts, Certificates of Deposit or Cash Collateral.

7.1.4 Extreme's chief executive office is located at the address of Extreme set forth in Article II of the Common Definitions and Provisions Agreement (Improvements) or at another address in California specified in a notice that Extreme has given to Agent as required by Section 7.2.4.

7.1.5 To the knowledge of Extreme, neither the ownership or the intended use of the Collateral by Extreme, nor the pledge of Accounts or the grant of the security interest by Extreme to Agent herein, nor the exercise by Agent of its rights or remedies hereunder, will (i) violate any provision of (a) Applicable Law, (b) the articles or certificate of incorporation, charter or bylaws of Extreme, or (c) any agreement, judgment, license, order or permit applicable to or binding upon Extreme, or (ii) result in or require the creation of any Lien, charge or encumbrance upon any assets or properties of Extreme

except as expressly contemplated in this Agreement. Except as

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expressly contemplated in this Agreement, to the knowledge of Extreme no consent, approval, authorization or order of, and no notice to or filing with any court, governmental authority or third party is required in connection with the pledge or grant by Extreme of the security interest contemplated herein or the exercise by Agent of its rights and remedies hereunder.

Section 7.2 Covenants of Extreme. Extreme hereby agrees as follows:

7.2.1 Extreme, at Extreme's expense, shall promptly procure, execute and deliver to Agent all documents, instruments and agreements and perform all acts which are necessary, or which Agent may reasonably request, to establish, maintain, preserve, protect and perfect the Collateral, the pledge thereof to Agent or the security interest granted to Agent therein and the first priority of such pledge or security interest or to enable Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the preceding sentence, Extreme shall (A) procure, execute and deliver to Agent all stock powers, endorsements, assignments, financing statements and other instruments of transfer requested by Agent, (B) deliver to Agent promptly upon receipt all originals of Collateral consisting of instruments, documents and chattel paper, (C) cause the security interest of Agent in any Collateral consisting of securities to be recorded or registered in the books of any financial intermediary or clearing corporation requested by Agent, and (D) reimburse Agent upon request for any legal opinion Agent may elect to obtain from a nationally recognized commercial law firm authorized to practice in New York concerning the enforceability, first priority and perfection of Agent's security interest in any Collateral maintained in New York, if BNPLC or any Participant should at any time elect to use a Deposit Taker that will maintain one or more Accounts in New York.

7.2.2 Extreme shall not use or consent to any use of any Collateral in violation of any provision of this Agreement or any other Transaction Document or any Applicable Law.

7.2.3 Extreme shall pay promptly when due all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon, relating to or affecting any Collateral.

7.2.4 Without thirty days' prior written notice to Agent, Extreme shall not change Extreme's name or place of business (or, if Extreme has more than one place of business, its chief executive office).

7.2.5 Extreme shall appear in and defend, on behalf of Agent, any action or proceeding which may affect Extreme's title to or Agent's interest in the Collateral.

7.2.6 Subject to the express rights of Extreme under Article VI, Extreme shall not surrender or lose possession of (other than to Agent or a Deposit Taker pursuant hereto), sell, encumber, lease, rent, option, or otherwise dispose of or transfer any Collateral or right or interest therein, and Extreme shall keep the Collateral free of all Liens.

7.2.7 Extreme will not take any action which would in any manner impair the value or enforceability of Agent's pledge of or security interest in any Collateral, nor will Extreme fail to take any action which is required to prevent (and which Extreme knows is required to prevent) an impairment of the value or enforceability of Agent's pledge of or security interest in any Collateral.

7.2.8 Extreme shall pay (and shall indemnify and hold harmless Agent from and against) all Losses incurred by Agent in connection with or because of (A) the interest acquired by Agent in any Collateral pursuant to this Agreement, or (B) the negotiation or administration of this Agreement, whether such Losses are incurred at

the time of execution of this Agreement or at any time in the future. Costs and expenses included in such Losses may include, without limitation, all

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filing and recording fees, taxes, UCC search fees and Attorneys' Fees incurred by Agent with respect to the Collateral.

7.2.9 Without limiting the foregoing, within five Business Days after Extreme becomes aware of any failure of the pledge or security interest contemplated herein in the Transition Account or any Account, Certificate of Deposit or Cash Collateral to be a valid, perfected, first priority pledge or security interest (regardless of the characterization of the Transition Account or any Accounts, Certificates of Deposit or Cash Collateral as deposit accounts, instruments or general intangibles under the UCC), Extreme shall notify Agent, BNPLC and the Participants of such failure. In addition, if the failure would not exist but for Extreme's delivery of Cash Collateral to Agent subject to prior Liens or other claims by one or more third parties, or but for the grant by Extreme itself of any Lien or other interest in the Collateral to one or more third parties, then, in addition to any other remedies available to BNPLC or Agent under the circumstances, Extreme must pay to BNPLC any additional Base Rent that has accrued under the Improvements Lease because of (or that would have accrued if BNPLC had been aware of) the failure, together with interest at the Default Rate on any such additional Base Rent.

ARTICLE VIII AUTHORIZED ACTION BY AGENT

Section 8.1 Power of Attorney. Extreme hereby irrevocably appoints

Agent as Extreme's attorney-in-fact for the purpose of authorizing Agent to perform (but Agent shall not be obligated to and shall incur no liability to Extreme or any third party for failure to perform) any act which Extreme is obligated by this Agreement to perform, and to exercise, consistent with the other provisions of this Agreement, such rights and powers as Extreme might exercise with respect to the Collateral during any period in which a Default or Event of Default has occurred and is continuing, including the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral; (c) insure, process, preserve and enforce the Collateral; (d) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (e) pay any indebtedness of Extreme relating to the Collateral; and (f) execute UCC financing statements and other documents, instruments and agreements required hereunder. Extreme agrees that such care as Agent gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Agent's possession; provided, however, that Agent shall not be obligated to Extreme to give any

notice or take any action to preserve rights against any other Person in connection with the Secured Obligations or with respect to the Collateral.

ARTICLE IX DEFAULT AND REMEDIES

Section 9.1 Remedies. In addition to all other rights and remedies

granted to Agent, BNPLC or the Participants by this Agreement, the Improvements Lease, the Purchase Agreement, the Participation Agreement, the UCC and other Applicable Laws, Agent may, upon the occurrence and during the continuance of any Event of Default, exercise any one or more of the following rights and remedies, all of which will be in furtherance of its rights as a secured party under the UCC:

(a) Agent may collect, receive, appropriate or realize upon the Collateral or otherwise foreclose or enforce the pledge of or security interests in any or all Collateral in any manner permitted by Applicable Law or in this Agreement; and

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(b) Agent may notify any or all Deposit Takers to pay all or any portion of the Collateral held by such Deposit Taker(s) directly to Agent.

Agent shall distribute the proceeds of all Collateral received by Agent after the occurrence of an Event of Default to BNPLC and the Participants for application to the Secured Obligations. If any proceeds of Collateral remain after all Secured Obligations have been paid in full, Agent will deliver or direct the Deposit Takers to deliver such proceeds to Extreme or other Persons entitled thereto. In any case where notice of any sale or disposition of any Collateral is required, Extreme hereby agrees that seven (7) Business Days notice of such sale or disposition is reasonable.

ARTICLE X OTHER RECOURSE

Section 10.1 Recovery Not Limited. To the fullest extent permitted by

applicable law, Extreme waives any right to require that Agent, BNPLC or the Participants proceed against any other Person, exhaust any Collateral or other security for the Secured Obligations, or to have any Other Liable Party joined with Extreme in any suit arising out of the Secured Obligations or this Agreement, or pursue any other remedy in their power. Extreme waives any and all notice of acceptance of this Agreement. Extreme further waives notice of the creation, modification, rearrangement, renewal or extension for any period of any of the Secured Obligations of any Other Liable Party from time to time and any defense arising by reason of any disability or other defense of any Other Liable Party or by reason of the cessation from any cause whatsoever of the liability of any Other Liable Party. Until all of the Secured Obligations shall have been paid in full, Extreme shall have no right to subrogation, reimbursement, contribution or indemnity against any Other Liable Party and Extreme waives the right to enforce any remedy which Agent, BNPLC or any Participant has or may hereafter have against any Other Liable Party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Agent, BNPLC or any Participant. Extreme authorizes Agent, BNPLC and the Participants, without notice or demand and without any reservation of rights against Extreme and without affecting Extreme's liability hereunder or on the Secured Obligations, from time to time to (a) take or hold any other property of any type from any other Person as security for the Secured Obligations, and exchange, enforce, waive and release any or all of such other property, (b) after any Event of Default, apply or require the application of the Collateral (in accordance with this Agreement) or such other property in any order they may determine and to direct the order or manner of sale thereof as they may determine, (c) renew, extend for any period, accelerate, modify, compromise, settle or release any of the obligations of any Other Liable Party with respect to any or all of the Secured Obligations or other security for the Secured Obligations, and (d) release or substitute any Other Liable Party.

ARTICLE XI PROVISIONS CONCERNING AGENT

In the event of any conflict between the following and other provisions in this Agreement, the following will control:

Section 11.1 Appointment and Authority. BNPLC and each Participant

hereby irrevocably authorizes Agent, and Agent hereby undertakes, to take all actions and to exercise such powers under this Agreement as are specifically delegated to Agent by the terms hereof, together with all other powers reasonably incidental thereto. The relationship of Agent to the Participants is only that of one commercial bank acting as collateral agent for others, and nothing herein shall be construed to constitute Agent a trustee or other fiduciary for any Participant or anyone claiming through or under a Participant nor to impose on Agent duties and obligations other than those expressly provided for in this Agreement. With respect to any matters not expressly provided for in this Agreement and any matters which this Agreement places within the discretion of Agent, Agent shall not be required to exercise any discretion or take any action, and it may request instructions from BNPLC and Participants with respect to any such matter, in

which case it shall be required to act or to refrain from acting (and shall be fully protected and free from liability to all Participants in so acting or refraining from acting) upon the instructions of the Majority, as defined in the

Participation Agreement, including itself as a Participant and BNPLC; provided, however, that Agent shall not be required to take any action which exposes it to a risk of personal liability that it considers unreasonable or which is contrary to this Agreement or the other documents referenced herein or to Applicable Law.

Section 11.2 Exculpation, Agent's Reliance, Etc. Neither Agent nor any

of its directors, officers, agents, attorneys, or employees shall be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement, INCLUDING THEIR NEGLIGENCE OF ANY KIND, except that each shall be liable for its own gross negligence or willful misconduct. Without limiting the generality of the foregoing, Agent (1) may treat the rights of any Participant under its Participation Agreement as continuing until Agent receives written notice of the assignment or transfer of those rights in accordance with such Participation Agreement, signed by such Participant and in form satisfactory to Agent; (2) may consult with legal counsel (including counsel for Extreme), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, unless the action taken or omitted constitutes misconduct; (3) makes no warranty or representation and shall not be responsible for any statements, warranties or representations made in or in connection with this Agreement or the other documents referenced herein; (4) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of the Transaction Documents on the part of any party thereto, or to inspect the property (including the books and records) of any party thereto; (5) shall not be responsible to any Participant for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Transaction Document or any instrument or document furnished in connection therewith; (6) may rely upon the representations and warranties of Extreme, Participants and Deposit Takers in exercising its powers hereunder; and (7) shall incur no liability under or in respect of the Transaction Documents by acting upon any notice, consent, certificate or other instrument or writing (including any telecopy, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper Person or Persons.

Section 11.3 Participant's Credit Decisions. Each Participant

acknowledges that it has, independently and without reliance upon Agent or any other Participant, made its own analysis of Extreme and the transactions contemplated hereby and its own independent decision to enter into the Transaction Documents to which it is a party. Each Participant also acknowledges that it will, independently and without reliance upon Agent or any other Participant and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Transaction Documents.

Section 11.4 Indemnity. Each Participant agrees to indemnify Agent (to

the extent not reimbursed by Extreme within ten days after demand) from and against such Participant's Percentage of any and all Losses of any kind or nature whatsoever which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against Agent growing out of, resulting from or in any other way associated with any of the Collateral, the Transaction Documents and the transactions and events (including the enforcement thereof) at any time associated therewith or contemplated therein. THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LOSSES ARE IN ANY WAY OR TO ANY EXTENT OWED, IN

WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY, OR ARE CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY AGENT, PROVIDED ONLY THAT NO PARTICIPANT SHALL BE OBLIGATED UNDER THIS SECTION TO INDEMNIFY AGENT FOR THAT PORTION, IF ANY, OF ANY LOSS WHICH IS PROXIMATELY

CAUSED BY AGENT'S OWN INDIVIDUAL GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AS DETERMINED IN A

FINAL JUDGMENT RENDERED AGAINST AGENT. Cumulative of the foregoing, each Participant agrees to reimburse Agent promptly upon demand for such Participant's Percentage share of any costs and expenses to be paid to Agent by Extreme hereunder to the extent that Agent is not timely reimbursed by Extreme as provided in subsection 7.2.8. As used in this Section the term "Agent" shall refer not only to the Person designated as such in the introductory paragraph of

this Agreement, but also to each director, officer, agent, attorney, employee, representative and Affiliate of such Person.

Section 11.5 Agent's Rights as Participant and Deposit Taker. In its

capacity as a Participant, BNP PARIBAS shall have the same rights and obligations as any Participant and may exercise such rights as though it were not Agent. In its capacity as a Deposit Taker, BNP PARIBAS shall have the same rights and obligations as any Deposit Taker and may exercise such rights as though it were not Agent. BNP PARIBAS and any of its Affiliates may accept deposits from, lend money to, act as Trustee under indentures of, and generally engage in any kind of business with Extreme or its Affiliates, all as if BNP PARIBAS were not designated as the Agent hereunder and without any duty to account therefor to any other Participant.

Section 11.6 Investments. Whenever Agent in good faith determines that

it is uncertain about how to distribute any funds which it has received hereunder, or whenever Agent in good faith determines that there is any dispute among BNPLC and Participants about how such funds should be distributed, Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if Agent is otherwise required to invest funds pending distribution, Agent shall invest such funds pending distribution, all interest on any such investment shall be distributed upon the distribution of such investment and in the same proportion and to the same Persons as such investment. All moneys received by Agent for distribution to BNPLC or Participants shall be held by Agent pending such distribution solely as Agent hereunder, and Agent shall have no equitable title to any portion thereof.

Section 11.7 Benefit of Article XI. The provisions of this Article

(other than the following Section 11.8) are intended solely for the benefit of Agent, BNPLC and Participants, and Extreme shall not be entitled to rely on any such provision or assert any such provision in a claim or defense against Agent, BNPLC or any Participant. Agent, BNPLC and Participants may waive or amend such provisions as they desire without any notice to or consent of Extreme.

Section 11.8 Resignation. Agent may resign at any time by giving

written notice thereof to BNPLC, Participants and Extreme. Upon any such resignation the Majority (as defined in the Participation Agreement) shall have the right to appoint a successor Agent, subject to Extreme's consent, such consent not to be unreasonably withheld. A successor must be appointed for any retiring Agent, and such Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring Agent's resignation, no successor Agent has been appointed and has accepted such appointment, then the retiring Agent may appoint a successor Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the laws of the United States of America or of any state thereof. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder, the provisions of this Article 10.1 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

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ARTICLE XII MISCELLANEOUS

Section 12.1 Provisions Incorporated From Other Operative Documents.

Reference is made to the Common Definitions and Provisions Agreement (Improvements), to the Purchase Agreement and to the Participation Agreement for a statement of the terms thereof. Without limiting the generality of the foregoing, the provisions of Article II of the Common Definitions and Provisions Agreement (Improvements) are incorporated into this Agreement for all purposes as if set forth in this Article.

Section 12.2 Cumulative Rights, etc. Except as herein expressly

provided to the contrary, the rights, powers and remedies of Agent, BNPLC and the Participants under this Agreement shall be in addition to all rights, powers and remedies given to them by virtue of any Applicable Law, any other

Transaction Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing their respective rights hereunder. Extreme waives any right to require Agent, BNPLC or any Participant to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Agent's, BNPLC's or such Participant's power.

Section 12.3 Survival of Agreements. All representations and warranties

of Extreme herein, and all covenants and agreements herein shall survive the execution and delivery of this Agreement, the execution and delivery of any other Transaction Documents and the creation of the Secured Obligations and continue until terminated or released as provided herein.

Section 12.4 Other Liable Party. Neither this Agreement nor the

exercise by Agent or the failure of Agent to exercise any right, power or remedy conferred herein or by law shall be construed as relieving any Other Liable Party from liability on the Secured Obligations or any deficiency thereon. This Agreement shall continue irrespective of the fact that the liability of any Other Liable Party may have ceased or irrespective of the validity or enforceability of any other agreement evidencing or securing the Secured Obligations to which Extreme or any Other Liable Party may be a party, and notwithstanding the reorganization, death, incapacity or bankruptcy of any Other Liable Party, or any other event or proceeding affecting any Other Liable Party.

Section 12.5 Termination. Following the Designated Sale Date, upon

satisfaction in full of all Secured Obligations and upon written request for the termination hereof delivered by Extreme to Agent, (i) this Agreement and the pledge and security interest created hereby shall terminate and all rights to the Collateral shall revert to Extreme and (ii) Agent will, upon Extreme's request and at Extreme's expense execute and deliver to Extreme such documents as Extreme shall reasonably request to evidence such termination and release.

[The signature pages follow.]

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IN WITNESS WHEREOF, Extreme, BNPLC, Agent and the Participants whose signatures appear below have caused this Agreement to be executed as of June 1, 2000.

"Extreme"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[Continuation of signature pages to Pledge Agreement (Improvements) dated to be effective June 1, 2000]

"BNPLC"

BNP LEASING CORPORATION

By: _____
Lloyd G. Cox, Vice President

[Continuation of signature pages to Pledge Agreement (Improvements) dated to be effective June 1, 2000]

"AGENT"

BNP PARIBAS

By: _____
Name: _____
Title: _____

"PARTICIPANT"

BNP PARIBAS

By: _____
Name: _____
Title: _____

ATTACHMENT 1
TO PLEDGE AGREEMENT

CERTIFICATE OF DEPOSIT

(No. _____)

[_____, ____]

[NAME OF THE ISSUING
DEPOSIT TAKER AND THE
ADDRESS OF ITS APPLICABLE
ACCOUNT OFFICE]

Payable to
the order of: BNP PARIBAS, as Agent under the Pledge Agreement (Improvements)
dated June 1, 2000, among Extreme Networks, Inc., BNP Leasing
Corporation, BNP PARIBAS and any other financial institutions
which are from time to time Participants under such Pledge
Agreement (Improvements) and BNP PARIBAS, acting in its capacity
as agent for BNPLC and the Participants

Dollars

in current funds, without interest, seven days after presentment of this
certificate properly endorsed.

The bank issuing this certificate acknowledges and certifies that on the date
indicated above the payee deposited the dollar amount indicated above, and that
such amount shall be payable as provided above.

Authorized Signature

ATTACHMENT 2
TO PLEDGE AGREEMENT

SUPPLEMENT TO PLEDGE AGREEMENT

[_____, ____]

BNP PARIBAS

Extreme Networks, Inc.

1. Reference is made to the Pledge Agreement (Improvements) (the "Pledge Agreement") dated June 1, 2000 among Extreme Networks, Inc. ("Extreme"), BNP Leasing Corporation ("BNPLC"), BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (collectively, the "Participants") and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants (in such capacity, "Agent"). Unless otherwise defined herein, all capitalized terms used in this Supplement have the respective meanings given to those terms in the Pledge Agreement.

2. The undersigned hereby certifies to Agent and Extreme that the undersigned has become a party to the Participation Agreement by executing a supplement as provided therein and that its Percentage thereunder is _____%.

3. The undersigned, by executing and delivering this Supplement to Extreme and Agent, hereby agrees to become a party to the Pledge Agreement and agrees to be bound by all of the terms thereof applicable to Participants. The Deposit Taker for the undersigned shall be _____, until such time as another Deposit Taker for the undersigned shall be designated in accordance with Sections 4.4 or 4.5 of the Pledge Agreement. The undersigned certifies to Agent and Extreme that such Deposit Taker is an Initially Qualified Deposit Taker and satisfies the requirements for a Deposit Taker set forth in Section 4.1 of the Pledge Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Supplement as of the day and year indicated above.

[_____]

By: _____
Name: _____
Title: _____

ATTACHMENT 3
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S ELECTION TO CHANGE THE COLLATERAL PERCENTAGE

[_____, ____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Improvements) (the "Pledge Agreement") dated June 1, 2000
-- among Extreme Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement referenced above. This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 3.1 of the Pledge Agreement, Extreme elects to change the Collateral Percentage to:

_____ percent (___%),

on the following Base Rent Date (which will be the first day of a new Base Rent Period):

_____ , _____
Extreme expects that multiplying the new Collateral Percentage specified above against Stipulated Loss Value of:

_____ Dollars (\$_____),

will result in an expected new Minimum Collateral Value of:

_____ Dollars (\$_____).

[NOTE: THE NEXT PARAGRAPH WILL BE INCLUDED ONLY IN A NOTICE OF AN INCREASE IN

THE COLLATERAL PERCENTAGE, BECAUSE OF WHICH EXTREME WILL BE REQUIRED TO DELIVER
ADDITIONAL CASH COLLATERAL TO SATISFY THE MINIMUM COLLATERAL VALUE REQUIREMENTS
IN SECTION 5.1 OF THE PLEDGE AGREEMENT:

Because of the increase in the Collateral Percentage which will result from this notice and the corresponding increase in the Minimum Collateral Value, Extreme will deliver additional Cash Collateral to you as required by Section 5.1 of the Pledge Agreement no later than 12:00 noon (San Francisco time) on the Base Rent Date specified above, in the amount of:

_____ Dollars (\$_____).]

To assure you that Extreme has satisfied the conditions to its right to change the Collateral Percentage as provided in this notice, and to induce you to rely upon this notice in discharging your responsibilities under the Pledge Agreement, Extreme certifies to you that:

1. Extreme is giving this notice to you, BNPLC and the Participants at least ten Business Days prior to the Base Rent Date specified above, and such Base Rent Date is the commencement of a Base Rent Period.
2. No Event of Default or other event or circumstance that would, pursuant to Section 3.2 of the Pledge Agreement, preclude Extreme from designating the new Collateral Percentage above has occurred and is continuing, and Extreme does not anticipate that on the Base Rent Date specified above there will have occurred and be continuing any such Event of Default or other event or circumstance.
3. The new Collateral Percentage specified by Extreme above is not less than the Minimum Collateral Percentage currently in effect.

NOTE: YOU SHALL BE ENTITLED TO DISREGARD THIS NOTICE IF THE STATEMENTS ABOVE ARE

NOT CORRECT. HOWEVER, WE ASK THAT YOU NOTIFY EXTREME IMMEDIATELY IF FOR ANY REASON YOU BELIEVE THIS NOTICE IS DEFECTIVE.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC and all Participants]

ATTACHMENT 4
TO PLEDGE AGREEMENT

NOTICE OF SECURITY INTEREST

[_____, _____]

[Name of Deposit Taker]

[Address of Deposit Taker]

1. Reference is made to the Pledge Agreement (Improvements) (the "Pledge Agreement") dated June 1, 2000 among Extreme Networks, Inc. ("Extreme"), BNP Leasing Corporation ("BNPLC"), BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (collectively, the "Participants") and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants (in such capacity, "Agent"). Unless otherwise defined herein, all capitalized terms used in this Notice have the respective meanings given to those terms in the Pledge Agreement.

2. Extreme has informed Agent that Extreme has established with the addressee of this Notice (the "Deposit Taker") the following non-interest bearing Account(s) to be maintained at the following Account Office(s):

Account Type	Account Office	Account Number
----	-----	-----
Time Deposit	_____	_____
Time Deposit	_____	_____
Time Deposit	_____	_____

Extreme has further informed Agent that Extreme intends to maintain Cash Collateral in such Account(s), and that to evidence such Account(s) and the amount of Cash Collateral held therein from time to time, Extreme has authorized the Deposit Taker to issue Certificates of Deposit payable to the order of Agent as provided in the Pledge Agreement.

3. Extreme and Agent hereby notify Deposit Taker that, pursuant to the Pledge Agreement, Extreme has granted to Agent, for the ratable benefit of BNPLC and the Participants as security for the Secured Obligations, a pledge of and security interest in all Accounts and other Collateral maintained by Extreme with Deposit Taker, including the Account(s) described in Section 2 above.

4. In furtherance of such grant, Extreme and Agent hereby authorize and direct Deposit Taker to:

(a) hold all Collateral for Agent and as Agent's bailee, separate and apart from all other property and funds of Extreme and all other Persons and to permit no other funds to be deposited or credited to the Account(s);

(b) make a notation in its books and records of the interest of Agent in the Collateral and that the Account(s) and all deposits therein or sums credited thereto are subject to a pledge and security interest in favor of Agent;

(c) issue and redeem Certificates of Deposit evidencing the Account(s), as directed by Agent pursuant to the Pledge Agreement;

(d) take such other steps as Agent may reasonably request to record, maintain, validate and perfect its pledge of and security interest in

(e) upon receipt of notice from Agent that an Event of Default has occurred, transfer and deliver to Agent or its nominee, together with all necessary endorsements, all or such portion of the Collateral held by Deposit Taker as Agent shall direct; provided, however, that in connection therewith the Deposit Taker may require compliance by Agent with the provisions in Section 5.4 of the Pledge Agreement for redemption of any outstanding Certificates of Deposit which evidence the Account(s).

5. Extreme and Agent agree that (a) the possession by Deposit Taker of all money, instruments, chattel paper and other property constituting Collateral shall be deemed to be possession by Agent or a person designated by Agent, for purposes of perfecting the security interest granted to Agent hereunder pursuant to Section 9305, 8313 or 8213 of the UCC (as the case may be), and (b)

notifications by Deposit Taker to other Persons holding any such property, and Acknowledgments, receipts or confirmations from such Persons delivered to Deposit Taker, shall be deemed notifications to, or Acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of the Deposit Taker for the benefit of Agent for the purposes of perfecting such security interests under applicable law.

6. As contemplated by the Pledge Agreement, please acknowledge Deposit Taker's receipt of, and consent to, this notice and confirm the representations and agreements set forth in the Acknowledgment and Agreement attached hereto by executing the same and returning this letter to Agent. For your files, a copy of this letter is enclosed which you may retain. The authorizations and directions set forth herein may not be revoked or modified without the written consent of Agent.

"AGENT"

BNP PARIBAS

By: _____
Name: _____
Title: _____

"EXTREME"

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

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ACKNOWLEDGMENT AND AGREEMENT
OF DEPOSIT TAKER

Deposit Taker hereby acknowledges receipt of, and consents to, the above notice, acknowledges that it will hold the Collateral for Agent and as Agent's bailee, agrees to comply with the authorizations and directions set forth above and represents to and agrees with Extreme and Agent as follows:

(a) Deposit Taker is a commercial bank, organized under the laws of the United States of America or a state thereof or under the laws of another country which is doing business in the United States of America. Deposit Taker is authorized to maintain deposit accounts for others through the Account Offices specified in the above notice, and Deposit Taker will not move the accounts described in the above notice to other offices without the prior written authorization of Agent and Extreme.

(b) Deposit Taker has a combined capital, surplus and undivided profits of at least \$500,000,000.

(c) The information set forth above regarding the Account(s) is accurate. Such Account(s) is (are) currently open and Deposit Taker has no prior notice of any other pledge, security interest, Lien, adverse claim or interest in such Account(s).

(d) Deposit Taker shall promptly notify Extreme and Agent if the representations made by Deposit Taker above cease to be true and correct.

(e) Deposit Taker shall not (i) allow the withdrawal of funds from any Account by any Person other than Agent, or (ii) without in each case _____ first obtaining the prior written authorization of Agent, setoff or attempt _____ to setoff any Secured Obligations owed to Deposit Taker against any Collateral held from time to time by Deposit Taker, or (iii) without in _____ each case first obtaining the prior written authorization of both Extreme _____ and Agent, setoff or attempt to setoff any obligations owed to Deposit _____ Taker other than Secured Obligations, against any Collateral held from time to time by Deposit Taker.

[_____]

By: _____
Name: _____
Title: _____

[Date]

ATTACHMENT 5
TO PLEDGE AGREEMENT

EXAMPLES OF CALCULATIONS REQUIRED

TO AVOID A COLLATERAL IMBALANCE

The examples below are provided to illustrate the calculations required for allocations of Cash Collateral in a manner that will avoid a Collateral Imbalance. The examples are not intended to reflect actual numbers under this Agreement or actual Percentages of BNPLC or any of the Participants; nor are the examples intended to provide a formula for the allocations that would be appropriate in every case. The examples also reflect adjustments that would be appropriate if the Collateral Percentage were adjusted from time to time from and after the Effective Date.

EXAMPLE NO. 1

Assumptions:

- Two Participants ("Participant A" and "Participant B") are parties to the Participation Agreement with BNPLC. Participant A's Percentage is 50% and Participant B's Percentage is 45%, leaving BNPLC with a Percentage of 5%.
- On the Effective Date, the Initial Funding Advance was \$12,000,000, resulting in a Stipulated Loss Value of \$12,000,000, allocable as follows:

A. BNPLC's Parent (providing BNPLC's share) (5%).....	\$ 600,000
B. Participant A (50%).....	6,000,000
C. Participant B (45%).....	5,400,000

TOTAL.....	\$12,000,000
- The Minimum Collateral Value on the Effective Date was \$7,200,000 (reflecting a Collateral Percentage of 60% times Stipulated Loss Value).
- On the Effective Date, Extreme had delivered to Agent Cash Collateral of \$7,200,000, equal to the Minimum Collateral Value, as required by Section 5.1 of this Agreement.

Allocation of Cash Collateral Required: To avoid a Collateral Imbalance under

these assumptions, Agent would be required to allocate the \$7,200,000 to the Deposit Takers for BNPLC and the Participants as follows:

A. BNPLC's Deposit Taker (5% of Minimum Collateral Value).....	\$ 360,000
B. Participant A's Deposit Taker (50% of Minimum Collateral Value).....	3,600,000
C. Participant B's Deposit Taker (45% of Minimum Collateral Value).....	3,240,000

TOTAL.....	\$7,200,000

EXAMPLE NO. 2

Assumptions: Assume the same facts as in Example No. 1, and in addition assume

that:

- Effective as of the first Base Rent Date, Extreme increased its Collateral Percentage from 60% to

80%, raising the Minimum Collateral Value to \$9,600,000. Because of such increase, Extreme also delivered an additional \$2,400,000 as Cash Collateral to Agent on the first Base Rent Date, bringing the total of all Cash Collateral delivered by Extreme to \$9,600,000 as required by Section 5.1 of this Agreement.

2. Also effective as of the first Base Rent Date, a new Participant approved by Extreme ("Participant C") became a party to this Agreement and the Participation Agreement, taking a Percentage of 20%. Simultaneously, Participant A and Participant B entered into supplements to the Participation Agreement which reduced their Percentages to 40% and 35%, respectively.

Allocation of Cash Collateral Required: To avoid a Collateral Imbalance under

these assumptions, Agent would be required to allocate the Cash Collateral as required to leave the Deposit Takers for BNPLC and the Participants with the following amounts:

A.	BNPLC's Deposit Taker (5% of Minimum Collateral Value).....	\$ 480,000
B.	Participant A's Deposit Taker (40% of Minimum Collateral Value)....	3,840,000
C.	Participant B's Deposit Taker (35% of Minimum Collateral Value)....	3,360,000
D.	Participant C's Deposit Taker (20% of Minimum Collateral Value)....	1,920,000

	TOTAL.....	\$9,600,000

Thus, to prevent a Collateral Imbalance, Agent would have to allocate the \$2,400,000 of additional Cash Collateral it received on the first Base Rent Date as follows:

A.	BNPLC's Deposit Taker (\$480,000 less \$360,000 already on deposit)	\$ 120,000
B.	Participant A's Deposit Taker (\$3,840,000 less \$3,600,000 already on deposit).....	240,000
C.	Participant B's Deposit Taker (\$3,360,000 less \$3,240,000 already on deposit).....	120,000
D.	Participant C's Deposit Taker (\$1,920,000 less \$0 already on deposit).....	1,920,000

	TOTAL.....	\$2,400,000

EXAMPLE NO. 3

Assumptions: Assume the same facts as in Example No. 2, except that:

1. Instead of increasing its Collateral Percentage from 60% to 80%, Extreme increased its Collateral Percentage to 70% on the first Base Rent Date, raising the Minimum Collateral Value to \$8,400,000. Because of such increase, Extreme delivered an additional \$1,200,000 as additional Cash Collateral to Agent on the first Base Rent Date, bringing the total of all Cash Collateral delivered by Extreme to \$8,400,000 as required by Section 5.1 of this Agreement.

Allocation of Cash Collateral Required: To avoid a Collateral Imbalance under

these assumptions, Agent would be required to allocate the Cash Collateral as required to leave the Deposit Takers for BNPLC and the Participants with the following amounts:

A.	BNPLC's Deposit Taker (5% of Minimum Collateral Value).....	\$ 420,000
B.	Participant A's Deposit Taker (40% of Minimum Collateral Value).....	3,360,000
C.	Participant B's Deposit Taker (35% of Minimum Collateral Value).....	2,940,000
D.	Participant C's Deposit Taker (20% of Minimum Collateral Value).....	1,680,000

TOTAL..... \$8,400,000

-2-

TOTAL..... \$8,400,000

Thus, to prevent a Collateral Imbalance, Agent would have to allocate the \$1,200,000 of additional Cash Collateral it received on the first Base Rent Date as follows:

A.	BNPLC's Deposit Taker (\$420,000 less \$360,000 already on deposit)	\$ 60,000
B.	Participant A's Deposit Taker (\$3,360,000 less \$3,600,000 already on deposit).....	(240,000)
C.	Participant B's Deposit Taker (\$2,940,000 less \$3,240,000 already on deposit).....	(300,000)
D.	Participant C's Deposit Taker (\$1,680,000 less \$0 already on deposit).....	1,680,000

TOTAL.....		\$1,200,000

NOTE: THE NEGATIVE AMOUNTS (IN PARENTHESIS) ABOVE REPRESENT REQUIRED WITHDRAWALS RATHER THAN DEPOSITS. AS EXAMPLE NO. 3 ILLUSTRATES, TO AVOID A COLLATERAL IMBALANCE AGENT MAY FROM TIME TO TIME HAVE TO WITHDRAW CASH COLLATERAL HELD BY THE DEPOSIT TAKER FOR ONE PARTICIPANT AND DEPOSIT IT IN AN ACCOUNT MAINTAINED BY A DEPOSIT TAKER FOR ANOTHER PARTICIPANT.

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ATTACHMENT 6
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT TO
WITHDRAW EXCESS CASH COLLATERAL

[_____, _____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme

Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Improvements) referenced above (the "Pledge Agreement"). This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 6.1 of the Pledge Agreement, Extreme requires you to withdraw from the Accounts and return to Extreme the following amount:

_____ Dollars (\$_____)

on the following date:

_____, ____

To assure you that Extreme has satisfied the conditions to its right to require such withdrawal, and to induce you to comply with this notice, Extreme certifies to you that:

1. Your withdrawal and delivery of the amount specified above to Extreme will not cause the Value of the remaining Collateral to be less than the Minimum Collateral Value. After giving effect to such withdrawal, the Collateral remaining in the Accounts maintained by the Deposit Takers will be:

_____ Dollars (\$_____),

and the Minimum Collateral Value on the date specified above will equal:

_____ Dollars (\$_____).

Such Minimum Collateral Value equals the Collateral Percentage of:

_____ percent (___%),

times the Stipulated Loss Value of:

_____ Dollars (\$_____).

2. Extreme is giving this notice to you, BNPLC and the Participants at least ten days prior to the date specified above.

3. No Default or Event of Default has occurred and is continuing as of the date of this notice, and Extreme does not anticipate that any Default or Event of Default will have occurred and be continuing on the date upon which the withdrawal is required.

4. Extreme agrees that you may determine the Accounts from which to make any withdrawal required by Extreme pursuant to this Section as necessary to prevent or mitigate any Collateral Imbalance.

NOTE: YOU SHALL BE ENTITLED TO DISREGARD THIS NOTICE IF THE STATEMENTS ABOVE ARE ----- NOT CORRECT OR IF THE DATE FOR WITHDRAWAL SPECIFIED ABOVE IS LESS THAN TEN DAYS AFTER YOUR RECEIPT OF THIS NOTICE. HOWEVER, WE ASK THAT YOU NOTIFY EXTREME IMMEDIATELY IF FOR ANY REASON YOU BELIEVE THIS NOTICE IS DEFECTIVE.

Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentment of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to Deposit Takers seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this -----

notice that you might execute and send to Deposit Takers to advise them of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amounts Extreme believes you must withdraw from each Account to avoid a Collateral Imbalance.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC and all Participants]

Annex 1

TO EXTREME'S NOTICE OF REQUIREMENT TO
WITHDRAW CASH EXCESS COLLATERAL

[_____, ____]

Deposit Takers on the
Attached Distribution List

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme

--

Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other
financial institutions which are from time to time Participants under
such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its
capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings
assigned to them in the Pledge Agreement (Improvements) referenced above (the
"Pledge Agreement"). This letter constitutes notice from the undersigned, as
Agent under the Pledge Agreement, that pursuant to Section 6.1 of the Pledge
Agreement, Extreme requires Agent to withdraw from the Accounts and return to
Extreme the amounts listed below on the following date:

_____, ____

Accordingly, on such date, the undersigned intends to withdraw the
following amounts from the following Accounts, and with this letter the
undersigned is presenting Certificates of Deposit as required in connection with
such withdrawal:

Deposit Taker	Account No.	Amount
1. _____	_____	\$ _____
2. _____	_____	\$ _____
3. _____	_____	\$ _____
4. _____	_____	\$ _____
	TOTAL WITHDRAWALS:	\$=====

BNP PARIBAS, AS AGENT

By: _____
Name: _____
Title: _____

[cc BNPLC and Extreme]

ATTACHMENT 7
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT OF

DIRECT PAYMENTS TO PARTICIPANTS

[_____, ____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme

--

Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Improvements) referenced above (the "Pledge Agreement"). This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 6.2 of the Pledge Agreement, Extreme requires you to withdraw from the Accounts and pay directly to the Participants (in proportion to their respective Percentages) the following amount:

_____ Dollars (\$_____)

on the following date (which, Extreme acknowledges, must be the Designated Sale Date or a date thereafter prior to an Event of Default):

_____, ____

The amount specified above equals the following percentage (equal to the aggregate of all Participant's Percentages):

_____ percent (___%),

times the total of all Cash Collateral presently pledged under the Pledge Agreement:

_____ Dollars (\$_____).

To assure you that Extreme has satisfied the conditions to its right to require such withdrawal, and to induce you to comply with this notice, Extreme certifies to you that Extreme is giving this notice to you, BNPLC and the Participants at least ten days prior to the date of required withdrawal and payment specified above.

Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentment of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to Deposit Takers seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this

notice that you might execute and send to Deposit Takers to advise them of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amounts Extreme believes you must withdraw from each Account to comply with subsection 6.2.2 of the Pledge Agreement.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC and all Participants]

 TO EXTREME'S NOTICE OF REQUIREMENT TO

 WITHDRAW CASH COLLATERAL FOR

 DIRECT PAYMENTS TO PARTICIPANTS

 [-----, -----]

Deposit Takers on the
 Attached Distribution List

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme
 --
 Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other
 financial institutions which are from time to time Participants under
 such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its
 capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings
 assigned to them in the Pledge Agreement (Improvements) referenced above (the
 "Pledge Agreement"). This letter constitutes notice from the undersigned, as
 Agent under the Pledge Agreement, that pursuant to Section 6.2 of the Pledge
 Agreement, Extreme requires Agent to withdraw from the Accounts and pay to the
 Participants (in proportion to their respective Percentages) the amounts listed
 below on the following date:

_____, ____

Accordingly, on such date, the undersigned intends to withdraw the
 following amounts from the following Accounts, and with this letter the
 undersigned is presenting Certificates of Deposit as required in connection with
 such withdrawal:

Deposit Taker	Account No.	Amount
1. _____	_____	\$ _____
2. _____	_____	\$ _____
3. _____	_____	\$ _____
4. _____	_____	\$ _____
TOTAL WITHDRAWALS:		\$ _____

BNP PARIBAS, AS AGENT

By: _____
 Name: _____
 Title: _____

[cc BNPLC and Extreme]

ATTACHMENT 8
 TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT OF

 DIRECT PAYMENT TO BNPLC

 [_____, ____]

BNP PARIBAS
 [address of BNP]

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme

--

Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Improvements) referenced above (the "Pledge Agreement"). This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 6.3 of the Pledge Agreement, Extreme requires you to withdraw from the Account maintained by the Deposit Taker for BNPLC and pay directly to BNPLC on behalf of Extreme as a payment required by the Purchase Agreement the following amount:

_____ Dollars (\$_____)

on the following date (which, Extreme acknowledges, must be the Designated Sale Date or a date thereafter prior to an Event of Default):

_____, ____

To assure you that Extreme has satisfied the conditions to its right to require such withdrawal, and to induce you to comply with this notice, Extreme certifies to you that Extreme is giving this notice to you and BNPLC at least ten days prior to the date of required withdrawal and payment specified above.

Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentment of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to the Deposit Taker for BNPLC seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this notice that you might execute and send to the Deposit Taker for -----

BNPLC to advise it of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amount Extreme believes you must withdraw to comply with Section 6.3 of the Pledge Agreement.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC]

Annex 1

TO EXTREME'S NOTICE OF REQUIREMENT OF

DIRECT PAYMENT TO BNPLC

[_____, ____]

[Name of the Deposit Taker for BNPLC]
[Address of such Deposit Taker]

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme

--

Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Improvements) referenced above (the "Pledge Agreement"). This letter constitutes notice from the undersigned, as

Agent under the Pledge Agreement, that pursuant to Section 6.3 of the Pledge Agreement, Extreme requires Agent to withdraw from the Account maintained by you, as Deposit Taker for BNPLC, the sum of:

_____ Dollars (\$_____)

and pay the same to BNPLC as a payment required by the Purchase Agreement on the following date:

_____/____

Accordingly, on such date, the undersigned intends to withdraw such amount from the following Account maintained by you as Deposit Taker for BNPLC, and with this letter the undersigned is presenting Certificate(s) of Deposit as required in connection with such withdrawal.

BNP PARIBAS, AS AGENT

By: _____

Name: _____

Title: _____

[cc BNPLC and Extreme]

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ATTACHMENT 9
TO PLEDGE AGREEMENT

NOTICE OF EXTREME'S REQUIREMENT OF A WITHDRAWAL

OF CASH COLLATERAL FROM

A DISQUALIFIED DEPOSIT TAKER

[_____, ____]

BNP PARIBAS
[address of BNP]

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme

--

Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Improvements) referenced above (the "Pledge Agreement"). This letter constitutes notice to you, as Agent under the Pledge Agreement, that pursuant to Section 6.4 of the Pledge Agreement, Extreme requires you to withdraw from the following Account maintained by the following Deposit Taker:

Deposit Taker

Account No.

Cash Collateral in the following amount:

_____ Dollars (\$_____)

and to deposit such Cash Collateral with other Deposit Takers who are not Disqualified Deposit Takers no later than ten days after the date upon which you

receive this notice.

To assure you that Extreme has the right to require such withdrawal, and to induce you to comply with this notice, Extreme certifies to you that the Deposit Taker specified above has become a Disqualified Deposit Taker because it no longer satisfies the requirements listed in Section 4.1 of the Pledge Agreement. Specifically, such Deposit Taker no longer satisfies the following requirements:

[EXTREME MUST INSERT HERE A DESCRIPTION OF WHICH REQUIREMENTS THE DEPOSIT TAKER NO LONGER SATISFIES AND HOW EXTREME HAS DETERMINED THAT THE REQUIREMENTS ARE NO LONGER SATISFIED, ALL IN SUFFICIENT DETAIL TO PERMIT THE PARTICIPANT FOR WHOM SUCH DEPOSIT TAKER HAS BEEN MAINTAINING AN ACCOUNT TO RESPOND IF IT BELIEVES THAT EXTREME IS IN ERROR.]

Please remember that the express terms of Certificates of Deposit issued pursuant to the Pledge Agreement require presentation of the Certificates of Deposit seven days before Cash Collateral is to be withdrawn from the Accounts they evidence. Accordingly, you must present Certificates of Deposit to the Deposit Taker specified above seven days prior to the withdrawal of Cash Collateral required by this notice. For your convenience, we have attached a letter as Annex 1 to this notice that you might execute and send to such Deposit

Taker to advise it of your intent to withdraw and of your presentment of Certificates of Deposit as required in connection therewith. The attached letter also sets forth the amount Extreme believes you must withdraw to comply with Section 6.4 of the Pledge Agreement.

EXTREME NETWORKS, INC.

By: _____
Name: _____
Title: _____

[cc BNPLC]

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Annex 1

TO EXTREME'S NOTICE OF REQUIREMENT OF A WITHDRAWAL

OF CASH COLLATERAL FROM

A DISQUALIFIED DEPOSIT TAKER

[_____, ____]

[Name of the Deposit Taker for BNPLC]
[Address of such Deposit Taker]

Re: Pledge Agreement (Improvements) dated June 1, 2000 among Extreme
--

Networks, Inc., BNP Leasing Corporation, BNP PARIBAS and any other financial institutions which are from time to time Participants under such Pledge Agreement (Improvements) and BNP PARIBAS, acting in its capacity as agent for BNPLC and the Participants

Gentlemen:

Capitalized terms used in this letter are intended to have the meanings assigned to them in the Pledge Agreement (Improvements) referenced above (the "Pledge Agreement"). This letter constitutes notice from the undersigned, as Agent under the Pledge Agreement, that pursuant to Section 6.4 of the Pledge Agreement, Extreme has advised Agent that you are a Disqualified Deposit Taker, and Extreme requires Agent to withdraw from the Account maintained by you, as a Deposit Taker under the Pledge Agreement, the sum of:

_____ Dollars (\$_____)

no later than the following date:

_____, _____
Accordingly, on such date, the undersigned intends to withdraw such amount from the Account maintained by you as Deposit Taker (Account No. _____), and with this letter the undersigned is presenting Certificate(s) of Deposit as required in connection with such withdrawal.

BNP PARIBAS, AS AGENT

By: _____
Name: _____
Title: _____

[cc BNPLC and Extreme]

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Schedule 1
TO PLEDGE AGREEMENT

[IN PLACE OF THIS PAGE, SUBSTITUTE SCHEDULE 1 ATTACHED TO THE LEASE]

SUBSIDIARIES OF REGISTRANT

NAME -----	LOCATION -----
Extreme Networks International	Cayman Islands
Extreme Networks Japan K.K.	Japan
Extreme Networks Hong Kong Limited	Hong Kong
Extreme Networks IHC, Inc.	Delaware
Extreme Networks FSC, Inc.	Barbados
Extreme Networks UK Limited	United Kingdom
Extreme Networks B.V.	The Netherlands
Extreme Networks GmbH	Germany
Extreme Networks Sarl	France
Extreme Networks Srl	Italy
Extreme Networks Canada, Inc.	Canada
Extreme Networks YH	Korea
IHC Networks AB	Sweden
Extreme Networks Australia	Australia
Extreme Networks EMEA	Dubai

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-83729) pertaining to the Amended 1996 Stock Option Plan, 1999 Employee Stock Purchase Plan and an Individual Stock Option Agreement of Extreme Networks, Inc. of our report dated July 18, 2000, except for note 9, as to which the date is August 24, 2000, with respect to the consolidated financial statements and schedule of Extreme Networks, Inc. included in the Annual Report (Form 10-K) for the year ended June 30, 2000.

/s/ Ernst & Young LLP

Palo Alto, California
September 27, 2000

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