

EXTREME NETWORKS INC
Form PRER14A
November 10, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

EXTREME NETWORKS, INC.

(Name of Registrant as Specified In Its Charter)

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

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1) Amount Previously Paid:

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3) Filing Party:

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Extreme Networks, Inc.

3585 Monroe Street

Santa Clara, California 95051

(408) 579-2800

, 2009

Dear Stockholder:

You are cordially invited to attend our 2009 Annual Meeting of Stockholders to be held on Wednesday, December 23, 2009 at 2 p.m. Pacific Time at the Executive Briefing Center at our headquarters located at 3585 Monroe Street, Santa Clara, California 95051.

At this meeting, you are being requested to:

Elect three Class II members of the Board of Directors for a three-year term,

Ratify the appointment of our independent auditors for our fiscal year ending June 27, 2010,

Approve a voluntary program (the *Exchange Program*) that will permit eligible employees to exchange certain outstanding stock options that are underwater for a lesser number of shares of restricted stock units to be granted under the Extreme Networks 2005 Equity Incentive Plan (the *2005 Plan*), and with respect to stock options that are more substantially underwater, a cash payment,

Approve an amendment to the 2005 Plan to increase the shares of common stock reserved for issuance under the 2005 Plan by 4 million shares from 23 million shares to 27 million shares, and

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

Our Board of Directors recommends that you vote in favor of these proposals. Please refer to the Notice of Annual Meeting of Stockholders and Proxy Statement for further information on each of these proposals.

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It is important that you use this opportunity to take part in the affairs of Extreme Networks by voting on the business to come before this meeting. After reading the Proxy Statement, please promptly mark, sign, date and return the enclosed proxy card in the prepaid envelope to ensure that your shares will be represented. We also provide our stockholders the opportunity to receive stockholder communications electronically. If you elected for electronic delivery of the Proxy Statement and Annual Report on Form 10-K for fiscal year 2009 you will not be receiving a proxy card and must vote electronically. For more information, see *Electronic Delivery of Stockholder Communications* in the Proxy Statement. Our Annual Report on Form 10-K for the fiscal year ended June 28, 2009 is also enclosed.

If you have any further questions concerning the annual meeting or either of the proposals, please contact our proxy solicitor, MacKenzie Partners, Inc., toll free at (800) 322-2885 or our investor relations department at (408) 579-3030. We look forward to your attendance at the annual meeting.

Yours Very Truly,

Bob L. Corey

Acting President and Chief Executive Officer

Senior Vice President, Finance and

Chief Financial Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

December 23, 2009

TO THE STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of Stockholders of Extreme Networks, Inc., a Delaware corporation, will be held on Wednesday, December 23, 2009 at 2 p.m. Pacific Time at the Executive Briefing Center at our headquarters located at 3585 Monroe Street, Santa Clara, California 95051, in order to:

1. Elect three Class II directors to hold office for a three-year term and until their successors are elected and qualified or until their earlier resignation or removal,
2. Ratify the appointment of Ernst & Young LLP, independent registered public accounting firm, as our independent auditors for the fiscal year ending June 27, 2010,
3. Approve a voluntary program (the *Exchange Program*) that will permit eligible employees to exchange certain outstanding stock options that are underwater for a lesser number of shares of restricted stock units to be granted under the Extreme Networks 2005 Equity Incentive Plan (the *2005 Plan*), and with respect to stock options that are more substantially underwater, a cash payment,
4. Approve an amendment to the 2005 Plan to increase the shares of common stock reserved for issuance under the 2005 Plan by 4 million shares from 23 million shares to 27 million shares, and
5. Transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Stockholders of record at the close of business on _____, 2009 are entitled to notice of, and to vote at, this meeting and any adjournment or postponement thereof. For ten days prior to the meeting, a complete list of stockholders entitled to attend and vote at the meeting will be available for review by any stockholder during normal business hours at our headquarters located at 3585 Monroe Street, Santa Clara, California 95051.

BY ORDER OF THE BOARD OF DIRECTORS,

Diane C. Honda

Vice President,

General Counsel and Secretary

Santa Clara, California

, 2009

IMPORTANT: To assure your representation at the meeting, please complete, sign, date and return the enclosed proxy card in the enclosed envelope or follow the instructions on the enclosed proxy card to vote by telephone or via the Internet. If you attend the meeting, you may choose to vote in person even if you have previously sent in your proxy card.

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EXTREME NETWORKS, INC.

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

General

Our Board of Directors is requesting that you permit your common stock to be represented at the Annual Meeting of Stockholders of Extreme Networks, to be held on Wednesday, December 23, 2009 (the **2009 Annual Meeting**), or any postponement or adjournment thereof, by the proxies named on the enclosed proxy card for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully. Voting materials, which include the Proxy Statement, the Annual Report on Form 10-K for the fiscal year ended June 28, 2009, and the accompanying proxy card, will be first mailed on or about _____, 2009 to all stockholders entitled to vote at the annual meeting, and, on or about the same date, electronic versions of these documents will be sent via email to stockholders who have registered for electronic delivery.

In this Proxy Statement, Extreme Networks may also be referred to as we, our, or us.

Who May Vote

You may vote your shares of Extreme Networks common stock if our records show that you owned your shares on _____, 2009. At the close of business on that date, _____ shares of Extreme Networks common stock were outstanding and eligible to vote. You are entitled to one vote for each share you hold.

Voting Your Proxy

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All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal.

To assure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the annual meeting in person. Instructions for voting by telephone, by using the Internet or by mail are on your proxy card. When you vote via the Internet or by phone, your vote is recorded immediately. We encourage our stockholders to vote using these methods whenever possible. If you attend the annual meeting, you may also submit your vote in person, and any previous votes that you submitted, whether by Internet, phone or mail, will be superseded by the vote that you cast at the annual meeting. A stockholder who has given a proxy may revoke it at any time before it is exercised by (i) filing with the Investor Relations department of Extreme Networks or MacKenzie Partners a written revocation or a duly executed proxy bearing a later date, or (ii) by voting in person at the annual meeting.

For those stockholders who are voting by Internet and received notification by mail, follow these steps:

1. Log on to *www.proxyvote.com*. To access an electronic ballot, enter the twelve-digit number contained in the proxy card or voting instruction form accompanying the Proxy Statement.
2. Complete the electronic ballot and submit your voting instructions.
3. Provide your email address if you want confirmation of your voting instructions.

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Or, for those stockholders who are voting by Internet and received notification by email, follow these steps:

1. Log on to *www.proxyvote.com*. To access an electronic ballot, enter the twelve-digit number contained in your email message and the personal identification number (PIN) you used when you enrolled for electronic delivery.
2. The ballot displayed contains Internet links to the applicable materials; read them carefully.
3. Complete the electronic ballot and submit your voting instructions.

For those stockholders who are voting by telephone, follow these steps:

1. Dial 1-800-690-6903 using a touch-tone telephone.
2. You will be prompted to enter the twelve-digit number contained in the proxy card or voting instruction form accompanying the Proxy Statement.
3. Follow the instructions the vote voice provides you to submit your voting instructions.

Whether you hold shares in your name or through a broker, bank or other nominee, you may vote without attending the meeting. You may vote by granting a proxy or, for shares held through a broker, bank or other nominee, by submitting voting instructions to that nominee. For shares held through a broker, bank or other nominee, follow the voting instructions set forth above. If you provide specific voting instructions, your shares will be voted as you have instructed. If you hold shares in your name and sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by our Board of Directors. All shares represented by valid proxies received before the meeting will be voted.

Votes Needed to Hold the Meeting

The annual meeting will be held if a majority of the Extreme Networks outstanding shares of common stock entitled to vote, whether present in person or represented by proxy, is represented at the meeting. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum if you either are present and vote in person at the meeting, or have properly submitted a proxy card or voted by telephone or by using the Internet, even if you wish to abstain from voting on some or all matters introduced at the meeting. Votes for and against, abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary power with respect to that item and has not received instructions from the beneficial owner.

Matters to Be Voted On at the Meeting

The following proposals will be presented for your consideration at the annual meeting in order to:

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1. Elect three Class II directors to hold office for a three-year term and until their successors are elected and qualified or until their earlier resignation or removal,
2. Ratify the appointment of Ernst & Young LLP, independent registered public accounting firm, as our independent auditors for the fiscal year ending June 27, 2010,
3. Approve a voluntary program (the *Exchange Program*) that will permit eligible employees to exchange certain outstanding stock options that are underwater for a lesser number of shares of restricted stock units to be granted under the Extreme Networks 2005 Equity Incentive Plan (the *2005 Plan*), and with respect to stock options that are more substantially underwater, a cash payment, and
4. Approve an amendment to the 2005 Plan to increase the shares of common stock reserved for issuance under the 2005 Plan by 4 million shares from 23 million shares to 27 million shares.

You will also be asked to transact such other business as may properly come before the meeting.

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Cost of This Proxy Solicitation

We will pay the costs of the solicitation. We may request banks and brokers and other custodians, nominees and fiduciaries to solicit their customers who own our common stock and will reimburse them for reasonable out-of-pocket expenses. Our employees, directors, officers and others may solicit proxies on our behalf, personally or by telephone, without additional compensation. We are soliciting proxies electronically through the Internet from stockholders who previously registered to receive proxy materials electronically through the Internet. In addition, we have engaged MacKenzie Partners, Inc. of New York City to assist in the soliciting of proxies for a fee of approximately \$12,500 plus reasonable out-of-pocket expenses.

Attending the Meeting

Stockholders may attend our annual meeting in person. The annual meeting will be held at 2 p.m. Pacific Time on Wednesday, December 23, 2009 at the Executive Briefing Center at our headquarters located at 3585 Monroe Street, Santa Clara, California 95051.

You may vote shares held directly in your name in person at the meeting. If you choose to attend the meeting, please bring the enclosed proxy card or proof of identification for entrance to the meeting. If you want to vote shares that you hold in street name at the meeting, you must request a legal proxy from your broker, bank or other nominee that holds your shares.

Changing Your Vote

You may revoke your proxy and change your vote at any time before the final vote at the meeting. You may do this by signing a new proxy card with a later date, voting on a later date by telephone or by using the Internet (only your latest telephone or Internet proxy is counted), or by attending the meeting and voting in person. However, your attendance at the meeting will not automatically revoke your proxy; you must specifically revoke your proxy. See *Voting Your Proxy* above for further instructions.

Our Voting Recommendations

Our Board of Directors recommends that you vote:

FOR the election of three Class II directors to hold office for a three-year term and until their successors are elected and qualified or until their earlier resignation or removal,

FOR ratification of the appointment of Ernst & Young LLP, independent registered public accounting firm, as our independent auditors for the fiscal year ending June 27, 2010,

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FOR approving a voluntary program (the *Exchange Program*) that will permit eligible employees to exchange certain outstanding stock options that are underwater for a lesser number of shares of restricted stock units to be granted under the Extreme Networks 2005 Equity Incentive Plan (the *2005 Plan*), and with respect to stock options that are more substantially underwater, a cash payment, and

FOR an amendment to the 2005 Plan to increase the shares of common stock reserved for issuance under the 2005 Plan by 4 million shares from 23 million shares to 27 million shares.

Voting Results

The preliminary voting results will be announced at the meeting. The final voting results will be published in our quarterly report on Form 10-Q for the second quarter of fiscal year 2010.

Electronic Delivery of Stockholder Communications

This year we are pleased to again offer our stockholders the opportunity to receive stockholder communications electronically. By signing up for electronic delivery, you can receive the Annual Report on

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Form 10-K, and the Proxy Statement via email notification as soon as these are available. You may also submit your stockholder votes online. This will help to reduce the number of paper documents in your personal files, eliminate duplicate mailings, conserve natural resources, and save on our printing and mailing costs. To sign up for electronic delivery, visit <http://investor.extremenetworks.com/> and enter information for all of your Extreme Networks stockholdings. Your enrollment will be effective until canceled. You may access the Notice of Annual Meeting of Stockholders, the Proxy Statement and the Annual Report on Form 10-K on the Internet at <http://investor.extremenetworks.com/>. If you have questions about electronic delivery, please call our Investor Relations department at (408) 579-3030.

To reduce the expense of delivering duplicate voting materials to our stockholders who may have more than one Extreme Networks stock account, unless otherwise requested, pursuant to current householding rules, we will deliver only one set of voting materials, which includes the Proxy Statement, proxy card and Annual Report to Stockholders on Form 10-K, to stockholders who share the same address.

How To Obtain A Separate Set of Voting Materials

If you share an address with another stockholder and have received only one set of voting materials, you may write or call us to request a separate copy of these materials at no cost to you. For future annual meetings, you may request separate voting materials, or request that we send only one set of voting materials to you if you are receiving multiple copies, by calling our proxy solicitor, MacKenzie Partners, Inc., toll free at (800) 322-2885 or our Investor Relations department at: (408) 579-3030. You may also write us at: Extreme Networks, Inc., 3585 Monroe Street, Santa Clara, CA 95051, Attn: Investor Relations.

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PROPOSAL ONE:

ELECTION OF DIRECTORS

We have a classified Board of Directors consisting of two Class I directors, three Class II directors and two Class III directors. The current term of the Class II directors will expire on the date of the upcoming 2009 annual meeting.

At the recommendation of the Board of Directors Nominating and Corporate Governance Committee, the Board of Directors nominees for election at the 2009 Annual Meeting as Class II directors are John H. Kispert, Edward B. Meyercord, III and Harry Silverglide. Messrs. Kispert, Meyercord and Silverglide are each current members our Board of Directors.

Please see below for information concerning each nominee. If elected, Messrs. Kispert, Meyercord and Silverglide will serve as directors until the annual meeting of stockholders in 2012 and until their successors are elected and qualified or until their earlier resignation or removal.

If any of Messrs. Kispert, Meyercord or Silverglide decline to serve or become unavailable for any reason, or if a vacancy otherwise occurs before the election, although management knows of no reason that this will occur, the proxies may be voted for a substitute nominee as the Nominating and Corporate Governance Committee or the Board of Directors may designate.

Vote Required and Board of Directors Recommendation

The persons receiving the highest number of votes represented by outstanding shares of common stock present or represented by proxy and entitled to vote at the annual meeting of stockholders will be elected. Votes for and against, abstentions and broker non-votes will be counted as present in determining if a quorum is present; however, abstentions and broker non-votes will have no effect on the outcome of the election.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES NAMED ABOVE.

BOARD OF DIRECTORS

The following table provides information concerning the age, tenure on our board of directors (also referred to as the Board) and class of our directors and nominees.

Name	Age	Director Since	Class
Gordon L. Stitt , <i>Chairman of the Board of Directors</i>	53	1996	I
Kenneth Levy , <i>Director</i>	66	2001	I

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John H. Kispert, Director	46	2009	II
Edward B. Meyercord, III, Director	44	2009	II
Harry Silverglide, Director	63	2004	II
Charles Carinalli, Director	61	1996	III
John C. Shoemaker, Director	66	2007	III

Directors in Class I are serving a term expiring at the 2011 annual meeting of stockholders. Directors in Class II are serving a term expiring at the 2009 annual meeting of stockholders. Directors in Class III are serving a term expiring at the 2010 annual meeting of stockholders. There are no family relationships among any of our directors or executive officers.

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Following are profiles for our directors.

Class II Directors Serving a Term Expiring, and Nominated for Re-Election, at the 2009 Annual Meeting

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

Edward B. Meyercord, III has served as one of our directors since October 2009. Mr. Meyercord is currently the President and Managing Partner of Council Rock Advisors LLC, a private company that provides advisory, capital raising and management consulting services. From December 2006 until January 2009, Mr. Meyercord served as Chief Executive Officer, President and a member of the board of directors of Cavalier Telephone & TV, a privately held voice and data services provider based in Richmond, Virginia. From January 2004, until its sale to Cavalier Telephone & TV in December 2006, Mr. Meyercord served as Chief Executive Officer, President and a member of the board of directors of Talk America, Inc., a publicly traded company that provided phone and internet services to consumers and small businesses. He served as President and a director of Talk America from 2001 until 2003 and as its Chief Financial Officer and Chief Operating Officer from 2000 until 2001. Mr. Meyercord joined Talk America in September of 1996 as the Executive Vice President, Marketing and Corporate Development. Prior to joining Talk America, Mr. Meyercord was a Vice President in the Global Telecommunications Corporate Finance Group at Salomon Brothers, Inc., based in New York. Prior to Salomon Brothers, Mr. Meyercord worked in the corporate finance department at PaineWebber Incorporated. Mr. Meyercord received his bachelor's degree in Economics from Trinity College in Hartford, CT and his MBA from New York University.

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

Class III Directors Serving a Term Expiring at the 2010 Annual Meeting

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

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John C. Shoemaker. Mr. Shoemaker has served as one of our directors since October 2007. From 1990 to June 2004, Mr. Shoemaker held various executive management positions at Sun Microsystems, Inc., including as Executive Vice President, Worldwide Operations Organizations, and Executive Vice President and General

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Manager for its Computer Systems Division. Previously, Mr. Shoemaker served in a number of senior executive positions with the Xerox Corporation, a provider of document management technology and services. Mr. Shoemaker is a director of Altera Inc., a provider of programmable logic solutions, and chairs the board of directors of SonicWALL, Inc., a network security and remote access software firm. Mr. Shoemaker holds a Bachelor of Arts degree from Hanover College and a Masters in Business Administration from Indiana University.

Class I Directors Serving a Term Expiring at the 2011 Annual Meeting

Gordon L. Stitt. Mr. Stitt has served as the Chairman of our Board of Directors since October 2006 and as a member of our Board of Directors since our inception in May 1996. In July 2009, Mr. Stitt also became a part-time employee performing services as a market development consultant for us. Mr. Stitt is one of our co-founders, served as our President and Chief Executive Officer from our inception until August 2006 and remained employed by us until December 2006. In 1989, Mr. Stitt co-founded Network Peripherals, Inc., a designer and manufacturer of high-speed networking technology. He served as Vice President of Marketing, then as Vice President and General Manager of the OEM Business Unit until 1995. Mr. Stitt holds a Bachelors of Science in Electrical Engineering and Computer Science from Santa Clara University and a Masters in Business Administration from the Haas School of Business of the University of California, Berkeley.

Kenneth Levy. Mr. Levy has served as one of our directors since October 2001. Mr. Levy is a private investor and the Chairman Emeritus of KLA-Tencor Corporation, a supplier of process control and yield management solutions for the semiconductor industry. Mr. Levy co-founded KLA Instruments Corporation in 1975 and served as its Chief Executive Officer and Chairman of the Board from 1975 until a merger in 1997 after which the firm was named KLA-Tencor Corporation. He chaired the board of directors of KLA-Tencor from April 1997 to October 2006. He also served as the Chief Executive Officer of KLA-Tencor from July 1998 until June 1999. Mr. Levy holds a Bachelors of Science in Electrical Engineering from City College of New York and a Masters of Science in Electrical Engineering from Syracuse University. Mr. Levy is a member of the National Academy of Engineering.

CORPORATE GOVERNANCE

Our Board of Directors currently consists of seven directors. The directors are divided into three classes – Class I, Class II and Class III, with each class consisting of a minimum of two directors and each class having a three-year term. The Class I directors are Gordon L. Stitt and Kenneth Levy. The Class II directors are John H. Kispert, Edward B. Meyercord, III and Harry Silverglide. The Class III directors are Charles Carinalli and John C. Shoemaker.

The Board of Directors has determined that, other than Gordon L. Stitt, each member of the Board is an independent director for purposes of the NASDAQ Marketplace Rules.

The structure of the Board of Directors is staggered, so that Class I, Class II and Class III directors will serve until the annual meetings of stockholders to be held in 2011, 2009 and 2010, respectively, and until their respective successors are duly elected and qualified. At each annual meeting of stockholders, the successors to directors whose term will then expire will be elected to serve from the time of election and qualification until the third annual meeting following their election. The Board has a mandatory retirement age of seventy (70).

Charles Carinalli was elected in 2004 by the independent members of the Board of Directors as the lead independent director. The independent directors extended Mr. Carinalli's term by one year in October 2009. Mr. Carinalli's duties as lead independent director include:

chairing executive sessions of the independent directors;

serving as liaison between the Chairman of the Board of Directors and the independent directors, including, communicating to the Chairman and Chief Executive Officer, as appropriate, the results of executive sessions of the independent directors;

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

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

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

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

receiving, distributing to the Board and arranging responses to communications from stockholders, and being identified as the recipient of these communications in the annual meeting proxy statement.

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

Meetings of the Board of Directors

The Board of Directors held 10 meetings during the fiscal year ended June 28, 2009. No director serving on the Board of Directors in fiscal year 2009 attended fewer than 75% of the aggregate of the meetings of the Board of Directors and the meetings of the committees on which he serves.

Committees of the Board of Directors

The Board of Directors has a separately-designated standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Each of these Committees has a written charter that has been approved by the Board of Directors.

Committee Membership During Our Fiscal Year Ended June 28, 2009.

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Charles Carinalli	<i>Member</i>	<i>Chairman</i>	<i>Member</i>
Bob L. Corey ⁽¹⁾	<i>Chairman</i>	<i>Member</i>	<i>Member</i>
John H. Kispert	<i>Member</i> ⁽²⁾		
Kenneth Levy			<i>Chairman</i>
Harry Silverglide	<i>Member</i>	<i>Member</i> ⁽³⁾	

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John C. Shoemaker

Member

Member⁽⁴⁾

- (1) Effective July 20, 2009, Mr. Corey resigned as a director of the company and as a member of all Board committees. Mr. Corey was appointed as our Senior Vice President and Chief Financial Officer, effective July 21, 2009 and was appointed our Acting President and Chief Executive Officer, effective October 21, 2009.
- (2) Mr. Kispert was appointed to the Audit Committee on May 7, 2009 and was appointed Chairman of the Audit Committee, effective July 21, 2009.
- (3) Mr. Silverglide resigned from the Compensation Committee, effective July 29, 2008.
- (4) Mr. Shoemaker was appointed to the Compensation Committee, effective July 29, 2008.

Edward B. Meyercord, III was appointed to our Board of Directors in October 2009. Mr. Meyercord also was appointed to the Compensation Committee, effective January 1, 2010.

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Audit Committee. The members of the Audit Committee during our fiscal year ended June 28, 2009 were Messrs. Carinalli, Corey, Kispert, Silverglide and Shoemaker. Mr. Corey resigned as a director and as Chairman of the Audit Committee, effective July 20, 2009, and Mr. Kispert was appointed Chairman of the Audit Committee effective July 21, 2009. All members of the Audit Committee during fiscal year 2009 were independent for purposes of the NASDAQ Marketplace Rules and the rules of the SEC as these rules apply to audit committee members. The Board has determined that Mr. Corey and Mr. Kispert are both audit committee financial experts, as defined in the rules of the SEC. The Audit Committee retains our independent auditors, reviews and approves the planned scope, proposed fee arrangements and terms of engagement of the independent auditors, reviews the results of the annual audit of our financial statements and the interim reviews of our unaudited financial statements, evaluates the adequacy of accounting and financial controls, reviews the independence of our auditors, and oversees our financial reporting on behalf of the Board of Directors. The Audit Committee is also responsible for establishing procedures for the receipt, retention and treatment of complaints received by us regarding questionable accounting or auditing matters, including the anonymous submission by our employees of concerns regarding accounting or auditing matters. In addition, the Audit Committee reviews with our independent auditors the scope and timing of their audit services and any other services they are asked to perform, the independent auditor's report on our consolidated financial statements following completion of their audit, and our critical accounting policies and procedures and policies with respect to our internal accounting and financial controls. The Audit Committee held nine meetings during the fiscal year ended June 28, 2009. For more information about the Audit Committee, see "Report of the Audit Committee" below in this Proxy Statement.

Compensation Committee. The members of the Compensation Committee during the fiscal year ended June 28, 2009 were Messrs. Carinalli, Corey, Shoemaker and Silverglide. Effective July 29, 2008, Mr. Silverglide resigned from the Compensation Committee, and Mr. Shoemaker was appointed to serve in his place. Mr. Corey resigned as a director and as a member of the Compensation Committee, effective July 20, 2009. Each member of the Compensation Committee during fiscal year 2009 was determined by the Board to be independent for purposes of the NASDAQ Marketplace Rules as they apply to compensation committee members. Pursuant to its charter, the Compensation Committee has responsibility for, among other things, discharging the Board's responsibilities relating to compensation and benefits of our officers, including responsibility for evaluating and reporting to the Board on matters concerning management performance, officer compensation and benefits plans and programs. In carrying out these responsibilities, the Compensation Committee is required to review all components of executive officer compensation for consistency with our compensation philosophy. The charter of the Compensation Committee provides that the Compensation Committee may delegate duties or responsibilities to subcommittees or to one member of the Compensation Committee from time to time, as appropriate; however, historically the Compensation Committee has delegated duties or responsibilities only under limited circumstances. Our President and Chief Executive Officer (our *CEO*) and our Head of Human Resources assist the Compensation Committee in its deliberations with respect to the compensation of our executive officers, except that our CEO does not play a role in the Compensation Committee's deliberations regarding his own compensation determination, other than discussing his performance objectives with the Compensation Committee. The other executive officers do not play a role in the Compensation Committee's deliberations regarding their own compensation determination, except that each executive officer discusses his or her individual performance objectives with our CEO, and our General Counsel may be present for deliberations and may provide advice to the Compensation Committee regarding legal issues associated with compensation plans and decisions. Our CEO does not have the ability to call Compensation Committee meetings, but he can attend meetings to the extent that there is no discussion of his own compensation determination. The Compensation Committee held thirteen meetings during the fiscal year ended June 28, 2009. For more information about the Compensation Committee, see "Executive Compensation" below in this Proxy Statement.

Nominating and Corporate Governance Committee. The members of the Nominating and Corporate Governance Committee during fiscal year 2009 were Messrs. Corey, Levy and Carinalli. Mr. Corey resigned as a director and as a member of the Nominating and Corporate Governance Committee, effective July 20, 2009.

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Each member of the Nominating and Corporate Governance Committee during fiscal year 2009 was determined by the Board to be independent for purposes of the NASDAQ Marketplace Rules as they apply to nominating committee members. The Nominating and Corporate Governance Committee identifies, reviews, evaluates and nominates candidates to serve on our Board of Directors, is responsible for recommending corporate governance principles, codes of conduct and compliance mechanisms applicable to us, and assists the Board of Directors in its annual reviews of the performance of the Board, each committee and management. The Nominating and Corporate Governance Committee held five meetings during the fiscal year ended June 28, 2009.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2009, no member of the Compensation Committee was a current or former officer or employee of the company or any of the company's subsidiaries, except for Mr. Silverglide who was a member of the Compensation Committee until July 28, 2008 and served as our Vice President.