



## External FAQ Document

Frequently Asked Questions

### Deal Overview/Key Questions

#### **Q: Who is acquiring the Network Edge business and what are the main points of the deal?**

- ARRIS intends to acquire Brocade's wired and wireless Network Edge business unit from Broadcom for a cash consideration of \$800 million plus the additional cost of unvested employee stock awards.
- The acquisition will include Brocade's Ruckus Wireless and ICX product and service portfolios, also known internally as the Network Edge business unit.
- This business is expected to be an integral part of ARRIS's leading connectivity and communications technology portfolio.
- Post-acquisition, ARRIS plans to create a dedicated business unit within the company focused on innovative wireless networking and wired switching technology to address evolving and emerging needs across a number of vertical markets.
- The business unit will be led by current Ruckus COO, Dan Rabinovitsj.
- Broadcom has stated that it expects the acquisition of Brocade's Network Edge business by ARRIS to close approximately one month following the closing of Broadcom's acquisition of Brocade, which is expected to close in the 3rd fiscal quarter of Brocade's fiscal year, ending July 29, 2017.
- The closing of the transaction is also subject to regulatory approvals in various jurisdictions and other customary closing conditions.
- The closing of the transaction does not require approval by shareholders of either company.

#### **Q: What is ARRIS acquiring?**

- ARRIS has agreed to acquire Brocade's wired and wireless Network Edge business from Broadcom, consisting of the Ruckus wired (ICX) and wireless product and service portfolios.

#### **Q: What is happening with the rest of the Brocade IP Networking businesses (data center switching and routing, software networking)?**

- Broadcom continues to pursue divestiture of Brocade's data center networking and software networking businesses.

#### **Q: Why isn't ARRIS interested in the whole IP networking portfolio?**

- ARRIS is a global innovator in broadband media technology, with a focus on the cable and telecom service provider markets globally. Wired and wireless Network Edge technologies are a natural extension of ARRIS' core business.

**Q: You previously indicated that the IP Networking business would be sold as a whole. Why is it instead being sold in pieces?**

- While there was interest from multiple strategic and financial buyers in the IP networking business as a whole, the complexity of these transactions and breadth of product portfolios required that Broadcom consider multiple strategies to reach an outcome that is in the best interests of relevant stakeholders.
- Broadcom determined that ARRIS' active interest in the Network Edge business, and its ability to complete the acquisition in a timely manner following the close of Broadcom's acquisition of Brocade, presented the outcome that was in the best interests of relevant stakeholders.
- Broadcom, with Brocade's support, continues to pursue divestiture of Brocade's data center networking and software networking businesses.

**Q: When will the sale of the Network Edge business close?**

- Broadcom has stated that it expects the acquisition of Brocade's Network Edge business by ARRIS to close approximately one month following the closing of Broadcom's acquisition of Brocade, which is expected to close in the 3rd fiscal quarter of Brocade's fiscal year, ending July 29, 2017.

**Q: How was Brocade involved in the sale of the Edge business?**

- Brocade worked very closely with Broadcom and its bankers to identify potential buyers of Brocade's IP Networking businesses.
- Brocade was involved in due diligence and other meetings between Broadcom and potential buyers.
- Negotiation of the specific terms of the transaction was between Broadcom and ARRIS. Brocade is not a party to the transaction.

**Q: What is the strategic rationale?**

- The acquisition complements ARRIS' existing portfolio of market-leading communications and entertainment technology across the cloud, network, and home and is an opportunity to expand its reach into the enterprise market.

**Q: Why is Broadcom planning to sell to ARRIS?**

- The Brocade IP networking portfolio, including the Network Edge business, overlaps with and could compete with the IP networking portfolios of several of Broadcom's OEM customers. As a result, Broadcom has chosen to pursue divestiture of the IP Networking assets it is acquiring from Brocade.
- ARRIS shares a common vision with Brocade for the future of Network Edge and the importance of having an integrated wired and wireless solution set in its portfolio. It was a natural addition to its current solution set.

**Q: How will Ruckus benefit from being part of ARRIS?**

- Ruckus' wired and wireless edge networking solutions are an excellent fit for ARRIS' business, and are expected to create one of the industry's leading portfolios of communications and entertainment technology across the cloud, network, and home.

- On top of new products and services, the completion of ARRIS' acquisition is expected to bring scale and stability to the Network Edge business.
- ARRIS plans to invest in the long-term product and technology roadmap to accelerate growth and optimize emerging opportunities.
- We believe this acquisition will position Brocade's Network Edge business for its next phase of growth, building on the innovation and momentum we have developed with the combined wired and wireless portfolio.

**Q: How will Brocade be integrated within ARRIS?**

- Brocade and Broadcom will work closely with ARRIS to help plan a smooth integration designed to set the Network Edge business on a path to future success.
- The business is expected to emerge as a dedicated business unit within ARRIS, with a market-leading wired and wireless networking portfolio under the leadership of Dan Rabinovitsj.

**Q: Who will run the business/businesses once they are integrated with ARRIS?**

- The business is expected to be managed by Dan Rabinovitsj.

**Q: What will Selina Lo's role be post-acquisition?**

- Selina will be retiring in May, as planned in her final employment contract from Brocade's acquisition of Ruckus. Her departure was already planned well before Broadcom's announcement that it planned to acquire Brocade and divest its IP Networking business units.

**Q: What approvals are required?**

- The transaction is subject to regulatory approvals in various jurisdictions and other customary closing conditions
- The transaction does not require approval by shareholders of either company.

## Brocade Q&A

**Q: What will happen to the name "Brocade"?**

- The Brocade name, logo and brand are not included in the proposed acquisition of Brocade's Network Edge business by ARRIS.

**Q: What will happen to the name "Ruckus"?**

- We expect that the Ruckus name and brand will continue in its new home at ARRIS.

## ARRIS Q&A

**Q: Where can I find more information about ARRIS?**

- You can find more information on the company website: [www.ARRIS.com](http://www.ARRIS.com).

**Q: How many employees do they have?**

- ARRIS has more than 6,500 employees around the world.

**Q: What is ARRIS's track record regarding acquisitions?**

- ARRIS has an excellent record of acquiring and integrating technology companies that complement their strategic vision and product portfolio.
- Two of its largest recent acquisitions include the \$2.35 billion 2013 acquisition of Motorola Home from Google and the \$2.1 billion 2016 acquisition of Pace plc.

## Product/Engineering

**Q: What will happen to Brocade's product roadmap?**

- ARRIS' intention is to continue to build on the market-leading innovations for which customers have always valued Brocade and Ruckus.

**Q: Is there any overlap with the Brocade product line and the ARRIS product line?**

- The Network Edge and ARRIS product lines are complementary.
- ARRIS plans to acquire the business to expand their service provider Wi-Fi access with a strong portfolio and brand and to enter the enterprise wired and wireless LAN market.

**Q: Will Brocade's products be integrated with other ARRIS products?**

- It is too early to tell. The integration planning process will start soon and ARRIS will work closely with Brocade to help facilitate a smooth integration.

## Sales/Go-to-Market

**Q: What is ARRIS's go-to-market model?**

- ARRIS sells through multiple models:
  - Service providers, including cable operators and carriers, who sell direct to consumers (homes and some small businesses)
  - OEMs
  - Direct to consumers through retail channels such as Best Buy and Amazon

**Q: What should customers expect prior to close?**

- Until the deal closes, it is business as usual and customers' sales and service contacts will remain the same. We will continue to serve customers with the dedication and commitment that Brocade is known for, and share more information as soon as we are able.

**Q: How will this transaction impact Brocade's customers?**

- Until the acquisition closes, we will continue to serve customers with the dedication and commitment for which Brocade is known. Our intent is to ensure there is no disruption to product development, service, or support during this transition as the serving and satisfaction of our customers remain of highest priority.

## Channel Partner FAQ

### **Q: What does this announcement mean for partners who currently sell Brocade/Ruckus products?**

- Until the acquisition closes, we will continue to serve partners and customers with the dedication and commitment for which both Brocade and Ruckus are known. It is business as usual.
- ARRIS, Brocade, and Broadcom are committed to ensuring a seamless transition for partners and customers.
- Our intent is to help ensure there is no disruption to deal pipeline, programs, partner benefits, support, service, or product development during this transition.

### **Q: Are Brocade/Ruckus partners able to sell Brocade IP/Ruckus products after the deal closes?**

- Yes. Once the deal closes, ARRIS plans for the business to operate as a separate business unit within ARRIS with a dedicated channel organization continuing to support Network Edge distributors and resellers.
- ARRIS intends to continue the channel model that has been so successful at enabling Ruckus to grow at historically higher rates than the market. As the specific go-to-market plans are developed post deal close, we will be keeping partners closely informed.

### **Q: As a Brocade/Ruckus channel partner, how should I continue to engage with Brocade/Ruckus now that Network Edge business is being sold to ARRIS?**

- Our commitment to our channel partners is stronger than ever. ARRIS intends to continue investing in the long-term product and technology roadmap to further accelerate growth opportunities for Brocade/Ruckus partners. At this time, there are no changes to our current partner sales engagement, programs and support.

### **Q: Do my Brocade/Ruckus channel program benefits remain in place?**

- Yes. We've already started migrating to one channel program serving the Network Edge business following the acquisition of Ruckus, integrating Ruckus partners into the full benefits, partner tools and infrastructure of the Brocade Partner Network. Until the deal closes, it's business as usual, with all Brocade/Ruckus channel benefits, infrastructure and support continuing as before. In fact, we've made incremental investments for the first half of our FY17 to encourage and motivate partners and to help partners drive sales.
- Once the acquisition by ARRIS has been completed, ARRIS plans to operate the Network Edge business as a separate business unit within ARRIS with a dedicated channel organization continuing to support partners with programs, enablement and co-marketing support.

### **Q: If I'm a Ruckus partner, should I still join the Brocade channel program?**

- Yes. On February 1<sup>st</sup>, we migrated to one channel program following the acquisition of Ruckus, integrating Ruckus partners into the full benefits, partner tools and infrastructure of the Brocade Partner Network.
- Until the deal closes, it's business as usual, with all channel benefits, infrastructure and product support continuing as before across the breadth of Brocade's portfolio.

**Q: Where can I go to get more information about the Brocade Partner Network?**

- To learn more about the many benefits of being a Brocade partner, click [here](#).
- To register for the program click [here](#).
- Questions? Please contact your Channel Account Manager or email [channel@brocade.com](mailto:channel@brocade.com)

**Q: I'm a partner who sells data center and/or software solutions. Will my Brocade partner program benefits changes?**

- At this time it's business as usual. Brocade's channel programs, account management structure and product support remain in place.
- Brocade and Broadcom will work closely to ensure a smooth transition to any new buyer(s) of the data center and software networking businesses, as partners and customers are our top priority.

**Q: Going forward will channel partners have access to the full portfolio of products Brocade offers today?**

- It's business as usual during the transition. Our priority is to ensure uninterrupted support for partners and customers, including for deals in pipeline and accounts involving not only wired and wireless products, but also Brocade data center and software networking products.
- Broadcom and Brocade will work closely with the new buyer(s) of the data center and software networking business units, once announced, on a go-forward model and transition plan. Throughout the process we will be keeping partners closely informed.

**Q: If I sell both Data Center and Network Edge solutions, will there be any changes to how I purchase?**

- It's business as usual during the transition. Our priority is to ensure uninterrupted support for partners and customers, including for deals in pipeline and accounts involving not only wired and wireless products, but also Brocade data center and software networking products.
- Broadcom and Brocade will work closely with any new buyer(s) of the data center and software networking business units, once announced, on a go-forward model and transition plan. Throughout the process we will be keeping partners closely informed.

**Q: Will there be any changes to the Distributors who sell Brocade/Ruckus products?**

- The channel model for wireless and wired solutions remains unchanged at this time. Resellers will continue to purchase through their current authorized Distributors.

**Q: Is ARRIS a current Distributor partner of Brocade/Ruckus?**

- Yes, ARRIS is a long-standing Distributor of Ruckus Wi-Fi solutions for Service Provider partners, and thus has experienced first-hand Ruckus' technology innovation leadership and commitment to partners' success.

**Q: Will my Brocade account manager change?**

- Your current account manager will continue to support the products and services that you sell. As ARRIS defines its roadmap in the months to come, your account manager will communicate progress and future capabilities.

**Q: Are there any changes to current channel sales promotions?**

- No. There has is no change to the terms or conditions of any current promotions.

**Q: Will my partner discounts change?**

- At this time, your discounts remain the same.

**Q: Does this impact my Brocade funded head?**

- At this time, there is no change to the funded head program.

## Support and Services

**Q: Is there any change to warranties or support for Brocade/Ruckus products? What about warranties or support for deals in pipeline?**

- No, there will be no immediate changes to Brocade or Ruckus warranties or support. All customers with active warranties and support will continue to receive service at the same level, until further notice after the close of the acquisition.

**Q: How do customers/partners contact Brocade for support?**

- Customers and partners should continue to leverage the normal contact methods for both Ruckus and Brocade support.

**Q: What is going to happen to the technical support for Brocade customers?**

- Until the acquisition closes, we will continue to serve customers and partners with the dedication and commitment for which Brocade is known. It is too early to say how support and services offerings may change as a result of the acquisition, but customers and partners will receive advanced notification of any changes prior to implementation. Our intent is to ensure there is no disruption to services and support during this transition and satisfaction of our customers and partners remains of highest priority.

## Suppliers/Vendors/Consultants

**Q: I have long term contracts with Brocade, how does this announcement impact my relationship with Brocade?**

- We will continue to operate business as usual until the closing of the Broadcom acquisition.
- In the meantime, Broadcom, ARRIS, and Brocade are working together to plan for a smooth migration of processes, supplier support, and customer delivery once the acquisition closes.

## Legal Notice Regarding Forward-Looking Statements

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