

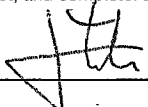
Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

18 Can any resulting loss be recognized? ▶ See attachment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 1-13-2017
Print your name ▶ Jean Furter Title ▶ Treasurer/VP Finance

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Brocade Communications Systems, Inc.

EIN 77-0409517

Attachment to Form 8937

Report of Organizational Actions Affecting Basis of Securities

Debt Instrument: 1.375% convertible senior unsecured notes due 2020

IRS guidance under Section 6045B provide that effective, January 1, 2016, if a company pays a cash dividend with respect to stock resulting in a conversion rate adjustment on a convertible debt instrument that is treated as a deemed distribution, an information return on Form 8937 must be filed with the IRS, or in lieu of filing, posted on the company's public website.

The information contained in the Form 8937 and this attachment is intended to satisfy those requirements and is intended to provide a general summary of certain U.S. federal income tax consequences of the conversion rate adjustments. This information does not constitute tax advice and does not purport to take into account any holder's specific circumstances. Holders are urged to consult their own tax advisors regarding U.S. tax consequences of the adjustments described herein and the impact to tax basis resulting from the adjustments.

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Form 8937, Part II, Line 14

On January 14, 2015, Brocade Communications Systems, Inc., ("Brocade") issued 1.375% convertible senior unsecured notes due 2020 (the "Convertible Notes"). The terms of the Convertible Notes include anti-dilution protection that provides for an increase in the number of shares of the common stock issuance upon conversion.

Under the anti-dilution provision, Brocade made four adjustments to the conversion rate of the Convertible Notes as a result of making cash distributions in excess of \$0.035 per share. The increase in the conversion rate resulted in a deemed distribution to its convertible debt holders under section 305(c) in the amounts listed below:

Summary of Adjustments per \$1,000 Note			
Date of Adjustment	Conversion Rate Increase	Stock Price	Tax Basis Adjustment
Mach 8, 2016	0.0619	\$ 10.21	\$ 0.6320
June 8, 2016	0.1395	\$ 9.09	\$ 1.2681
September 7, 2016	0.1411	\$ 9.01	\$ 1.2713
December 8, 2016	0.1024	\$ 12.42	\$ 1.2718
Total for 2016 calendar year			\$ 4.4432

Form 8937, Part II, Line 15

For U.S. federal income tax purposes, Brocade expects the adjustments to the Convertible Notes to be treated as a taxable dividend distribution under section 305(c). As a result of the treatment of the adjustments as a dividend distribution, each holder's tax basis in the Convertible Notes should increase by the amount shown above.

Holders should consult their tax advisors to determine the tax consequences of the adjustments to them.

Form 8937, Part II, Line 16

The tax basis adjustment was calculated using the formula:

$$\text{Tax Basis Adjustment} = (\text{New Conversion Rate} - \text{Prior Conversion Rate}) \times \text{Market Value}$$

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The market value is the closing sales price of the common stock on the trading day immediately preceding the ex-dividend date.

Holders should consult their tax advisors to determine the tax consequences of the adjustments to them.

Form 8937, Part II, Line 17

Sections 301, 305(b), and 305(c).

Form 8937, Part II, Line 18

This is not a loss transaction.

Form 8937, Part II, Line 19

The reportable tax year for the conversion rate adjustments is 2016 for the calendar year taxpayer.