# Form **8937**(December 2011) Department of the Treasury Internal Revenue Service

### Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer		
1 Issuer's name		2 Issuer's employer identification number (EIN)
Brocade Communications Systems, Inc.		77-0409517
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
	·	
Brocade Investor Relations	408-333-8000	Investor-Relations@Brocade.com
6 Number and street (or P.O. box if mail is not	delivered to street address) of contact	7 City, town, or post office, state, and Zip code of contact
130 Holger Way	0.01	San Jose, CA 95134
8 Date of action	9 Classification and description	
2017	1.375% Convertible Senior Notes due	2020
2017 10 CUSIP number		13 Account number(s)
Ti Solidi halibol	o, iz neker symbol	10 Modelin Manipor(s)
111621AQ1		
	ch additional statements if needed. See	back of form for additional questions.
		against which shareholders' ownership is measured for
the action ► See attachment.		
15 Describe the quantitative effect of the organishare or as a percentage of old basis ► Si		in the hands of a U.S. taxpayer as an adjustment per
· · · · · · · · · · · · · · · · · · ·		
Describe the calculation of the change in be valuation dates ► See attachment.	pasis and the data that supports the calculation	ion, such as the market values of securities and the

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

PTIN

Sign Here

Print your name ►	Jean	Furter	Title ►	VP / Treasurer
Signature ► <	+#		Date ►	10/11/2017

Paid Preparer	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	
Use Only	Firm's name ▶				
	Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

# 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

Current IRS guidance under Section 6045B provides that 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.

# 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

#### 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 three adjustments to the conversion rate of the Convertible Notes as a result of making cash distributions in excess of \$0.035 per share to date in 2017. 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	
March 8, 2017	0.1031	\$ 12.35	\$ 1.2733	
June 8, 2017	0.1007	\$ 12.67	\$ 1.2759	
September 8, 2017	0.1034	\$ 12.36	\$ 1.2780	
Total for 2017 through September 8			\$ 3.8272	

<sup>\*</sup>Closing price on trading day before the ex-dividend date.

#### 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:

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

# 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

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 2017 for the calendar year taxpayer.