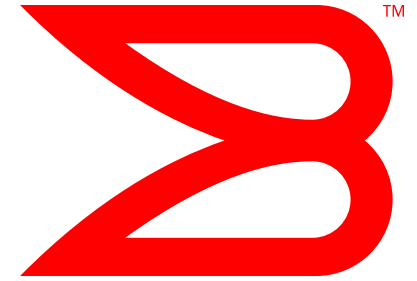


BROCADE



Welcome to Brocade's Fall 2007 Analyst Day

September 20, 2007

Today's Agenda

11:30 - 12:30	LUNCHEON	
12:30 - 12:35	Welcome & Housekeeping	
12:35 - 12:55	Brocade Strategy Recap	Michael Klayko
12:55 - 1:20	Brocade Data Center Strategy	Don Jaworski
1:20 - 1:45	Customer and Segment Update	Tom Buiocchi
1:45 - 2:00	BREAK	
2:00 - 2:25	Financial Review	Richard Deranleau
2:25 - 2:50	Executive Roundtable	Executive Team
2:50 - 3:15	Q&A	Team
3:15 - 3:30	BREAK	
3:30 - 4:30	Break Out Session <i>Data Center Differentiators (SAN-HBA)</i>	Product Team
4:30 - 5:30	CLOSING RECEPTION	



Cautionary Statements and Other Disclosures

- This presentation includes forward-looking statements regarding Brocade's business outlook.
- These forward-looking statements are only predictions and involve risks and uncertainties such that actual results may vary significantly. These and other risks are set forth in more detail in our Form 10Q for the fiscal quarter ended July 28, 2007, and Form 10-K for the fiscal year ended October 28, 2006. These forward-looking statements reflect beliefs, estimates and predictions as of today, and Brocade expressly assumes no obligation to update any such forward-looking statements.
- This presentation includes non-GAAP financial measures. The most directly comparable GAAP information and a reconciliation between the non-GAAP and GAAP figures is provided in our Q3 07 press release which has been furnished to the SEC on Form 8-K, in the corresponding Q3 07 slide presentation and herein.
- This presentation includes sell-through information, which provides a measure of OEM and channel partners' sales to end-users. Brocade does not record revenue based upon OEM sell-through information and this measure is not intended to be viewed as a substitute for reported GAAP revenue. Sell-through is a measure of demand, but is not a GAAP measurement of revenue and therefore is not subject to the same level of internal controls as reported GAAP revenue.
- The third quarter of fiscal 2007 is the second combined quarter for Brocade and McDATA. In accordance with purchase accounting we have not restated prior quarter financials to include McDATA and therefore the comparisons we will refer to in this presentation, other than Q2 07, do not reflect McDATA's historical results.

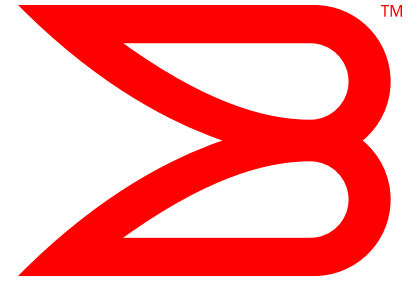


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Brocade Strategy Recap and Overview

Michael Klayko
CEO

September 20, 2007

Today's Goals

- **Clarification**

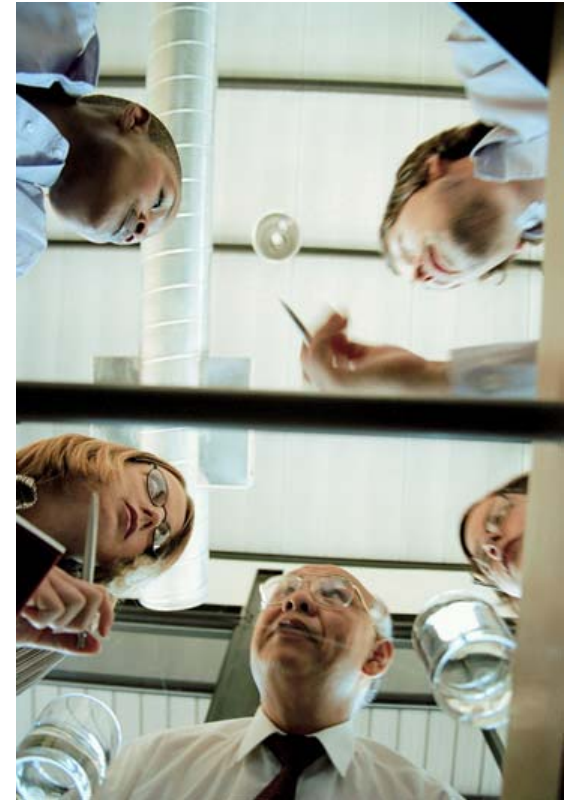
- Market trends and their potential impacts
- Our operational model and expectations
- Our new initiatives – why, what, how, when?

- **Education**

- On the competitive front
- On the technology front
- On the market segment fronts

- **Commitment**

- To growth and diversification
- To expansion of the top and bottom lines
- To deliver excellent shareholder value



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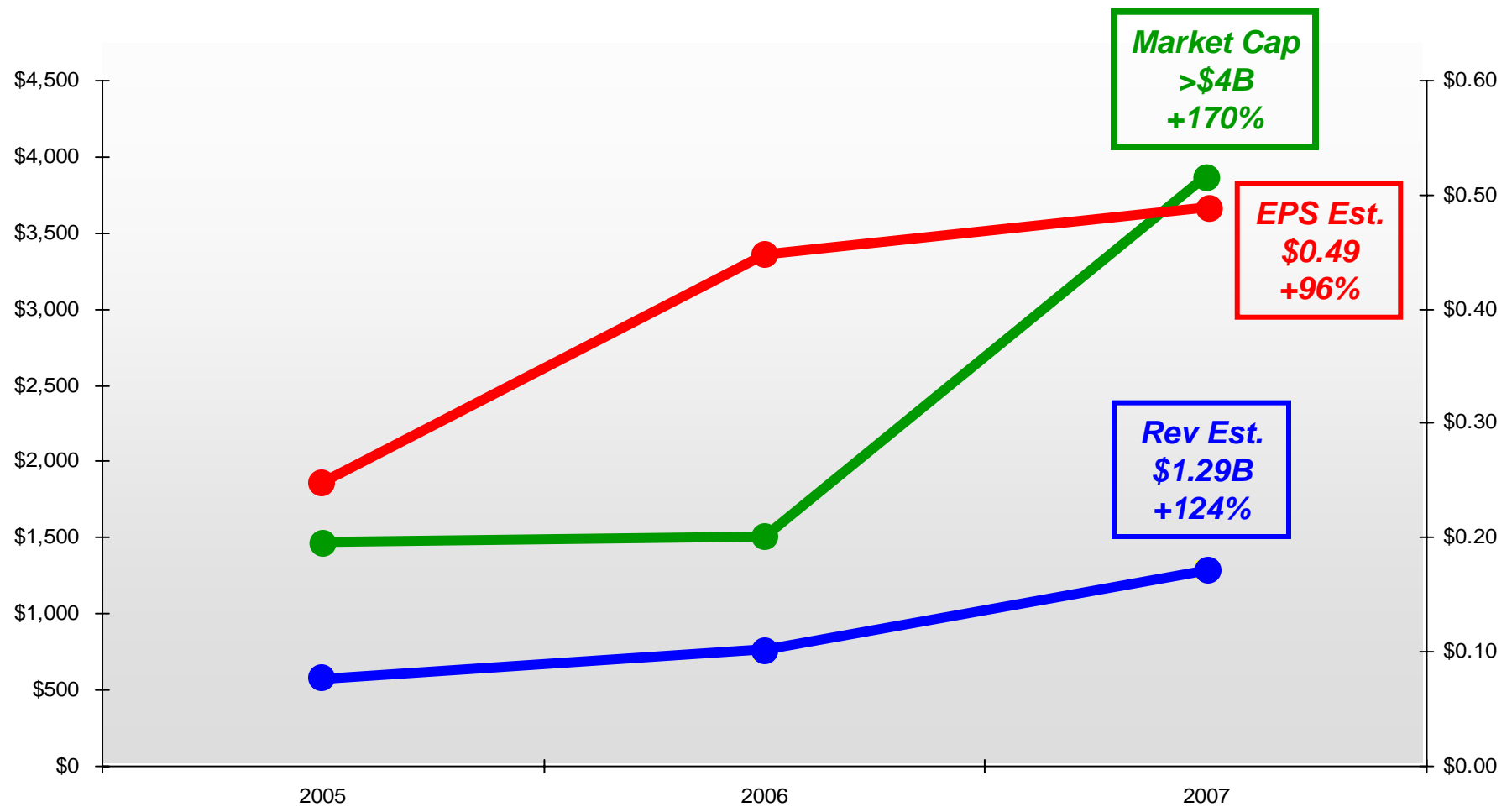
Just So There is No Misunderstanding

- We are very confident with our strategy
- We continue to execute well and make strong operational progress
- We are NOT satisfied with regards to creating shareholder value over the past 6 months
- We are clear that it is our (management's) responsibility to improve all of the above points



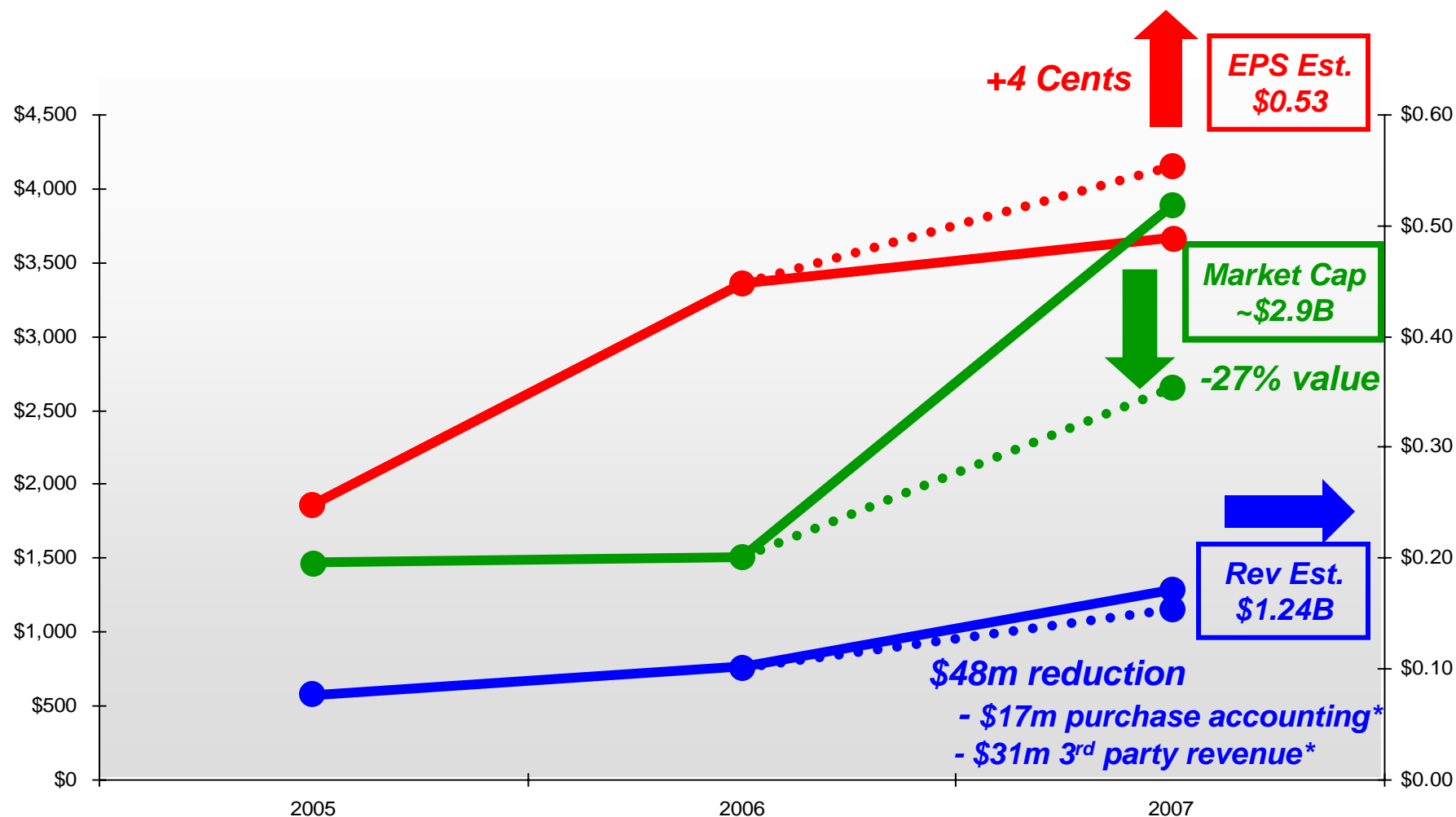
Delivering Exceptional Results

This is what I showed you in March 2007



This Is Where We Are Today

Dotted Lines Show Movement in Last 6 Months



* Impact to FY2007

Note: Estimated Market Cap Data as of Sept 17, 2007

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10



Key Messages for Today

- **We believe we have a big growth opportunity in the data center**
 - Major trends supporting our strategy
 - We have a unique position from which to benefit
 - Our strategy is aligned to achieve a broader position
- **We continue to grow and optimize our core SAN business**
 - Very successful integration of McDATA
 - Continuing to win; stabilized competitive position
 - Prepared to lead next technology wave
- **We are making progress in new growth initiatives, and will clarify how each contributes to our overall strategy and success**
- **We plan to continue to drive the operational and financial behavior that will increase shareholder returns**



Investor Perception Study



- **3rd Party In-depth interviews with sell-side and buy-side analysts**
- **Included current shareholders, non-holders**
- **Conducted June-August 2007**

Perceived Strengths

- **Market Presence** (install base/quality)
- **Management**
- **Industry Trends**
- **Strategy**
- **Financials**

Areas of Focus

- **Industry Competition**
- **Strategy** (clarity, growth drivers)
- **Communication/Transparency**
- **Market Position**
- **Legacy Issues**



Brocade's Focus

We help organizations of all sizes to better connect, share, and manage their information

Our data center solutions help companies

- Reduce costs (capital and operating)**
- Improve efficiencies and reduce complexity**
- Minimize risk and ensure compliance**



Fundamental Brocade Business Drivers

Market Trends

Continued Data Growth

**Data Center
Consolidations**

Server Virtualization

**Efficiencies in Storage
Deployments**

**The “Greening” of the
Data Center**

Customer Initiatives

Reduce Costs

Reduce Complexity

**Re-architect for
Next Generation Data
Centers**

Growth Opportunity



Our Technology and Products Enable Many Important Industry Trends that are Critical for Next-Generation Data Centers

Data Center Consolidation

Server Consolidation

Server Virtualization

Enterprise Data Security

Policy-based and Automated Migration

Non-disruptive OS Migration and Upgrades

Data Replication and DR

Wide-Area and Branch Office Consolidation

Storage Consolidation

Storage Virtualization



Why Customers Choose Brocade



The Brocade Playbook – the Preface

Our target market is the enterprise data center

We are the market leader and have earned the respect and trust of enterprise customers

We will leverage our large, strategic installed SAN base at the heart of the data center into adjacent opportunities

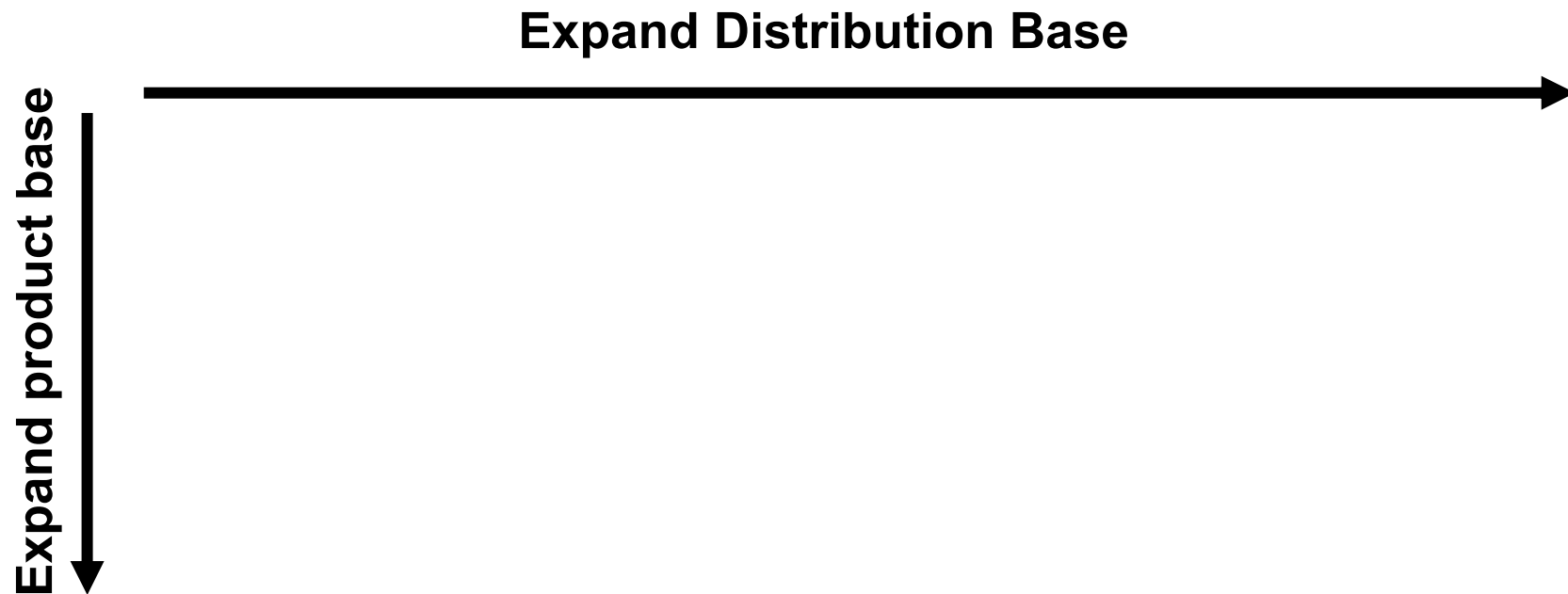
We will move into markets that leverage our core competencies to solve broader data center challenges

We are in a unique position to provide new solutions that ensure investment protection and extension for billions of \$\$\$ of strategic infrastructure



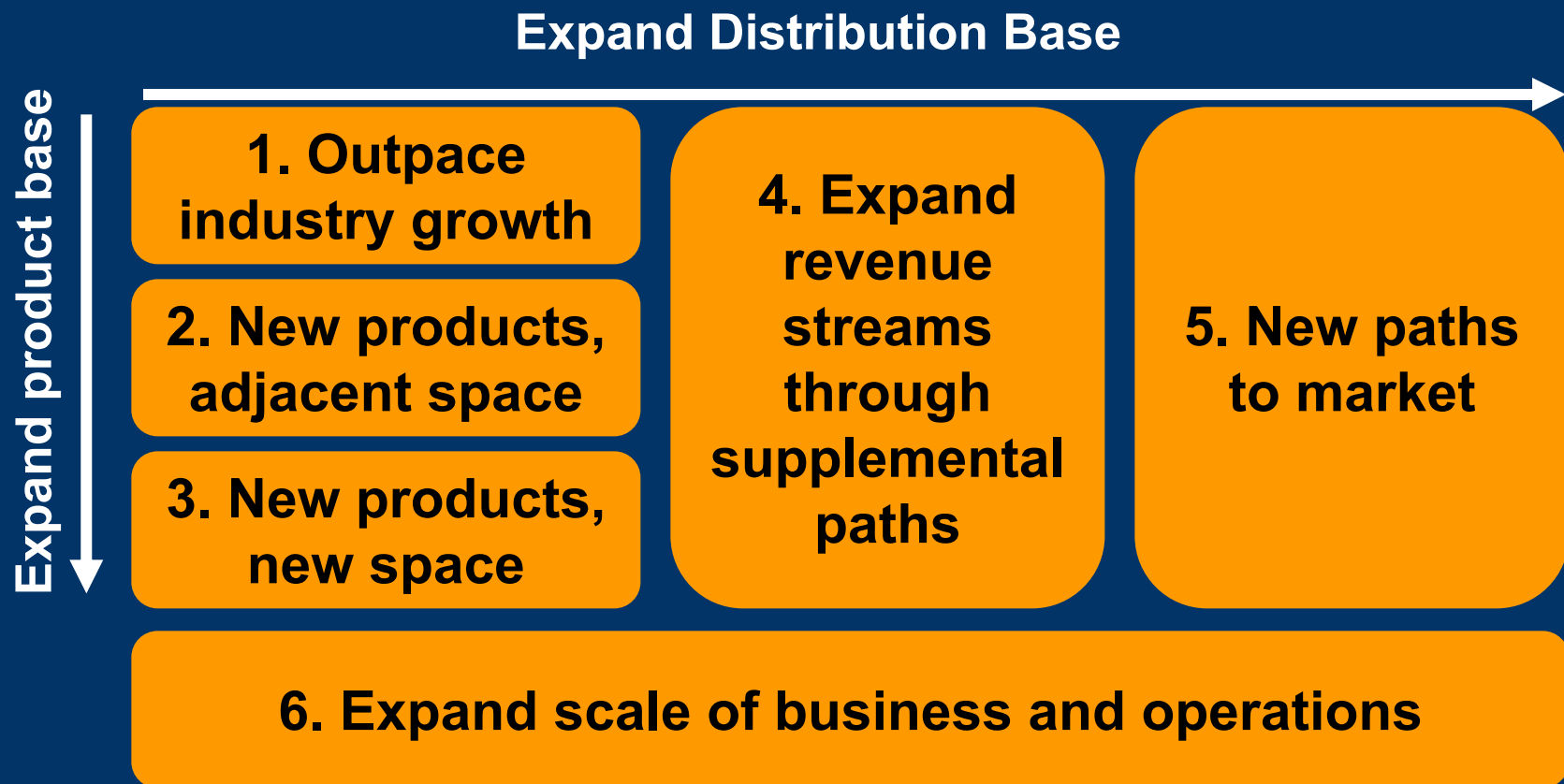
The Brocade Playbook

6 Chapters to Help Drive our Growth and Diversification Goals



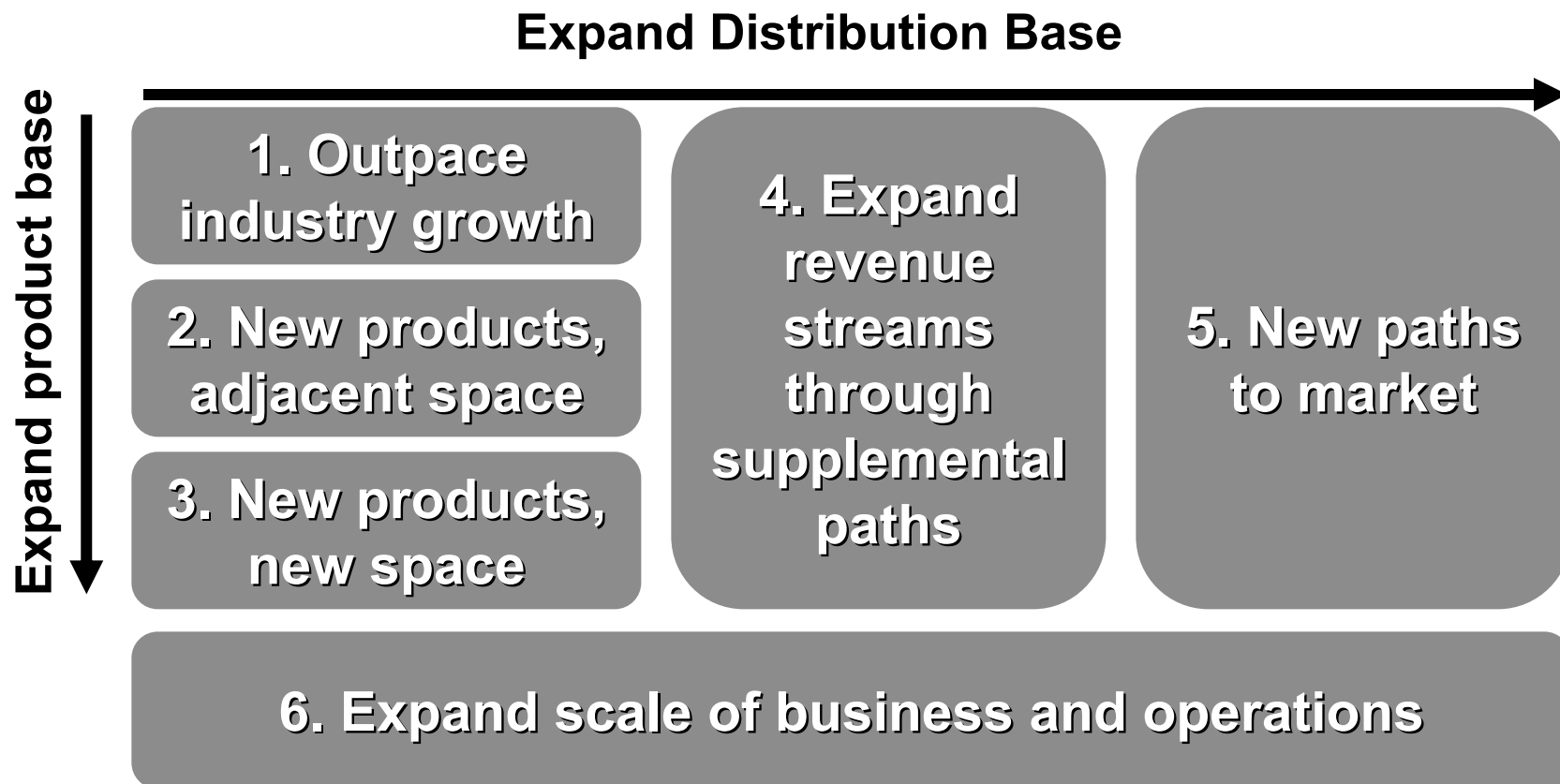
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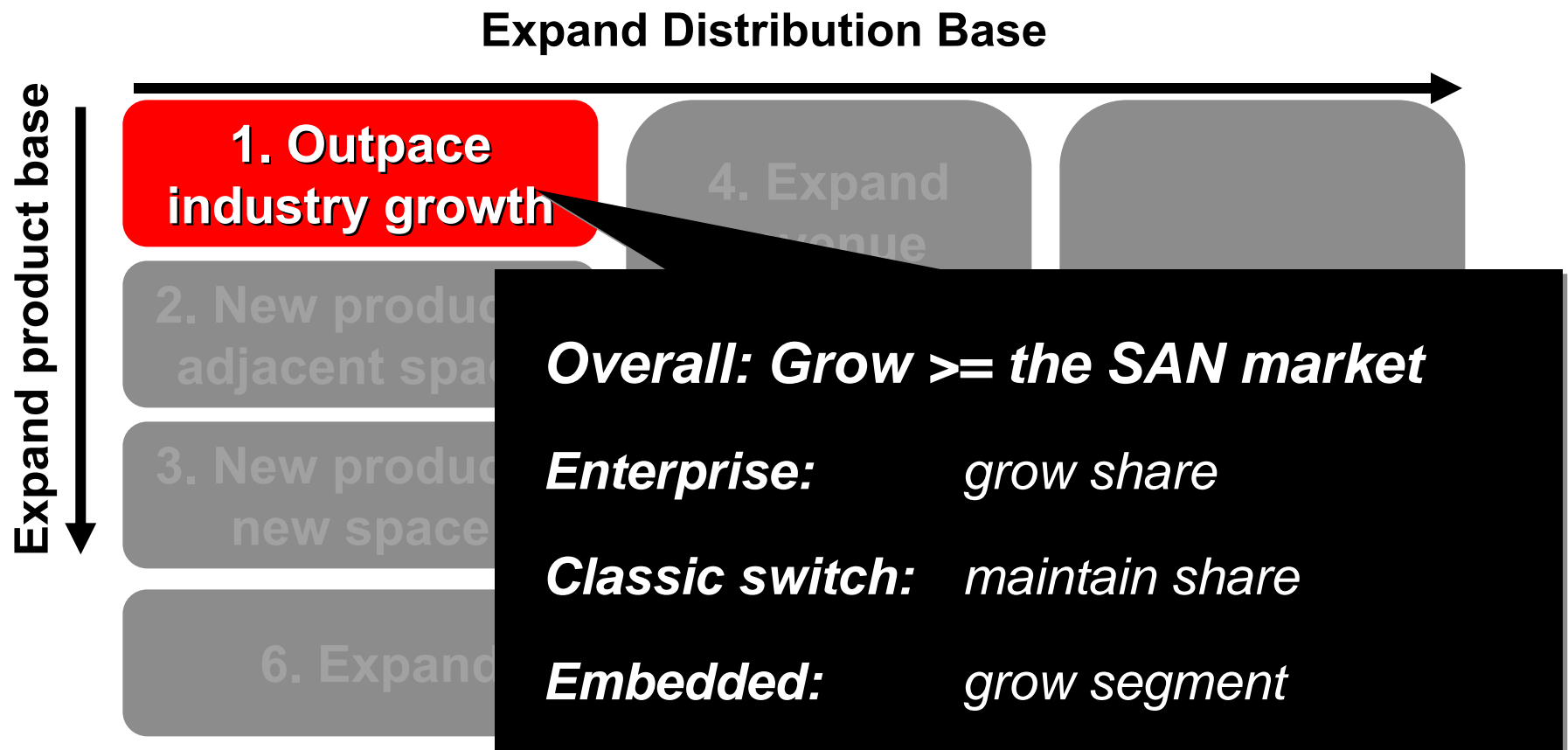
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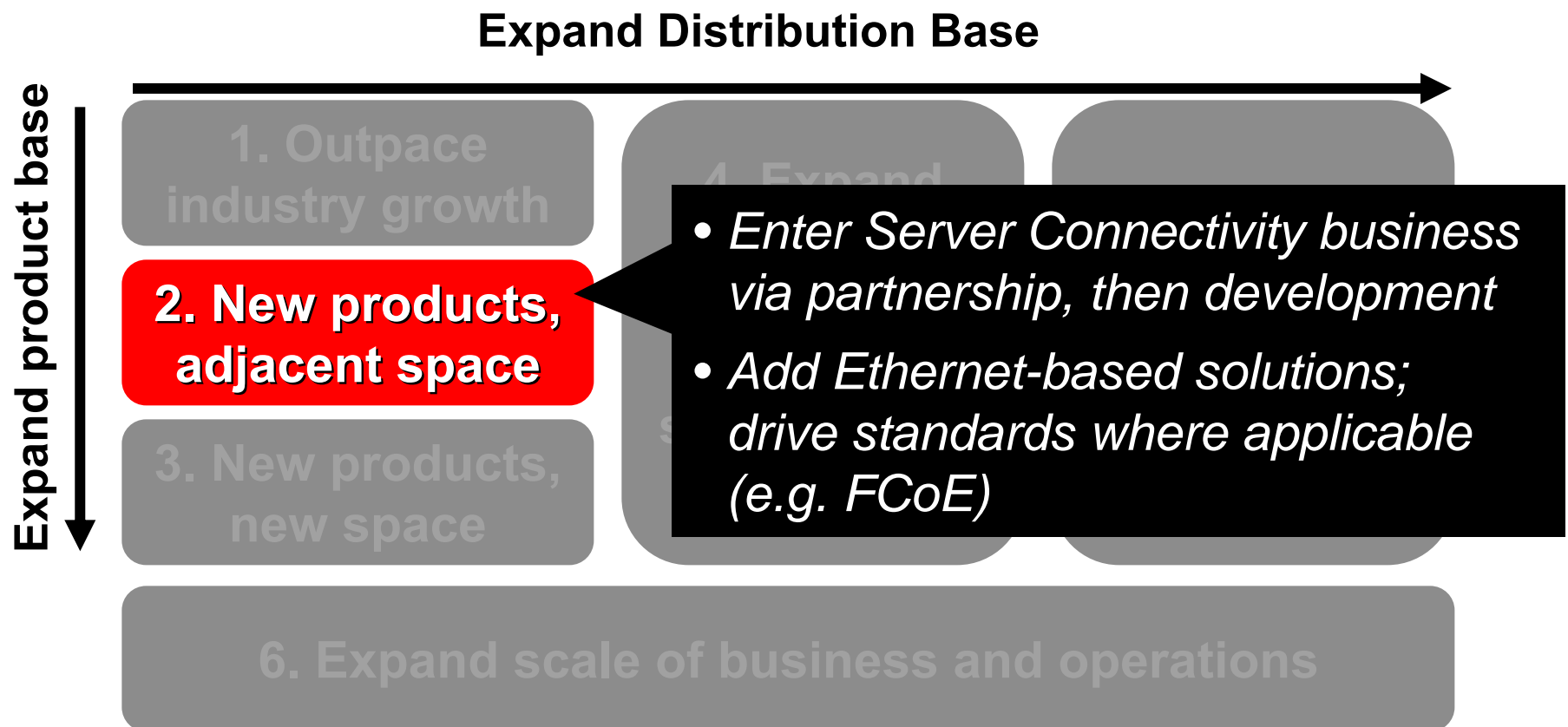
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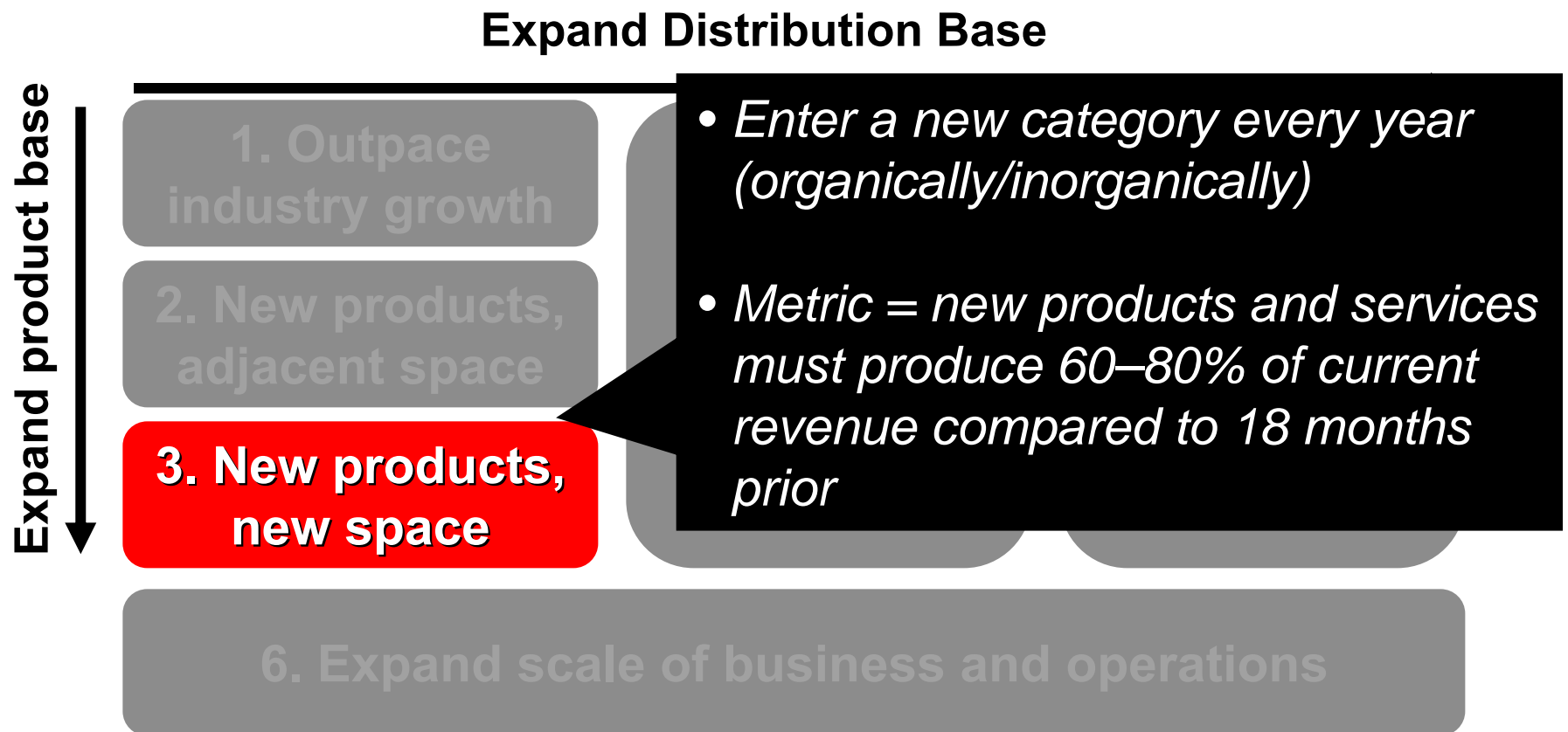
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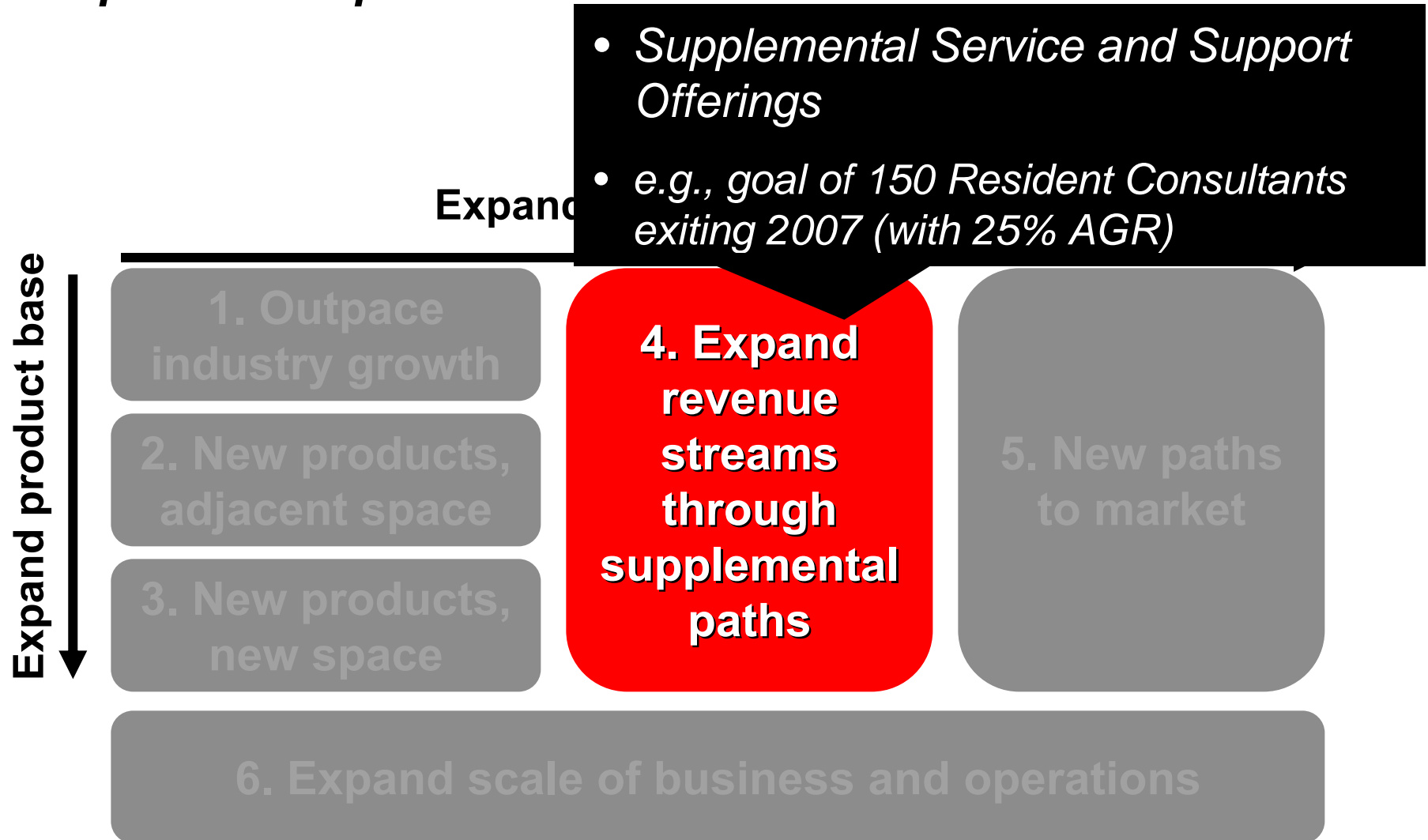
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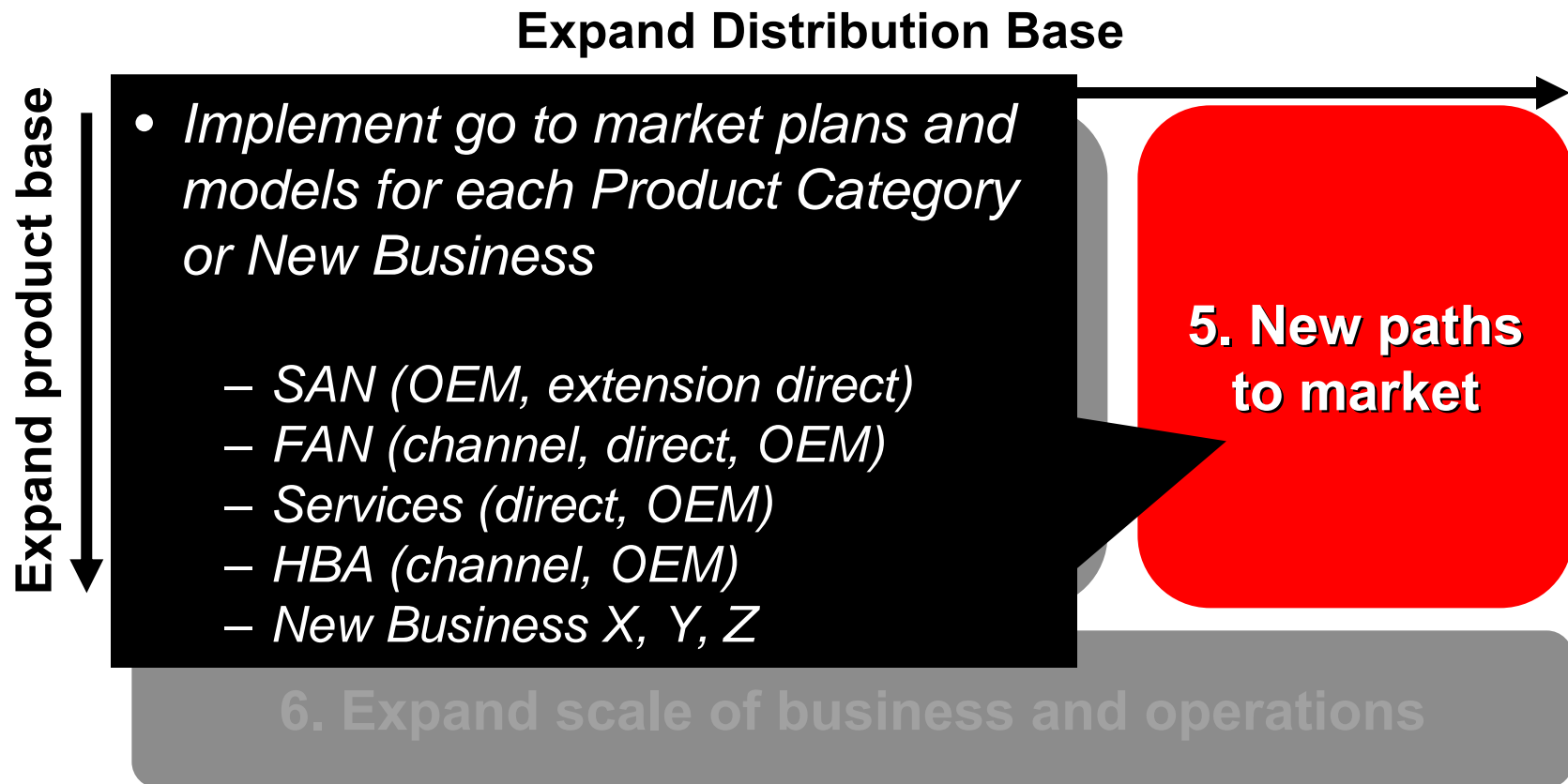
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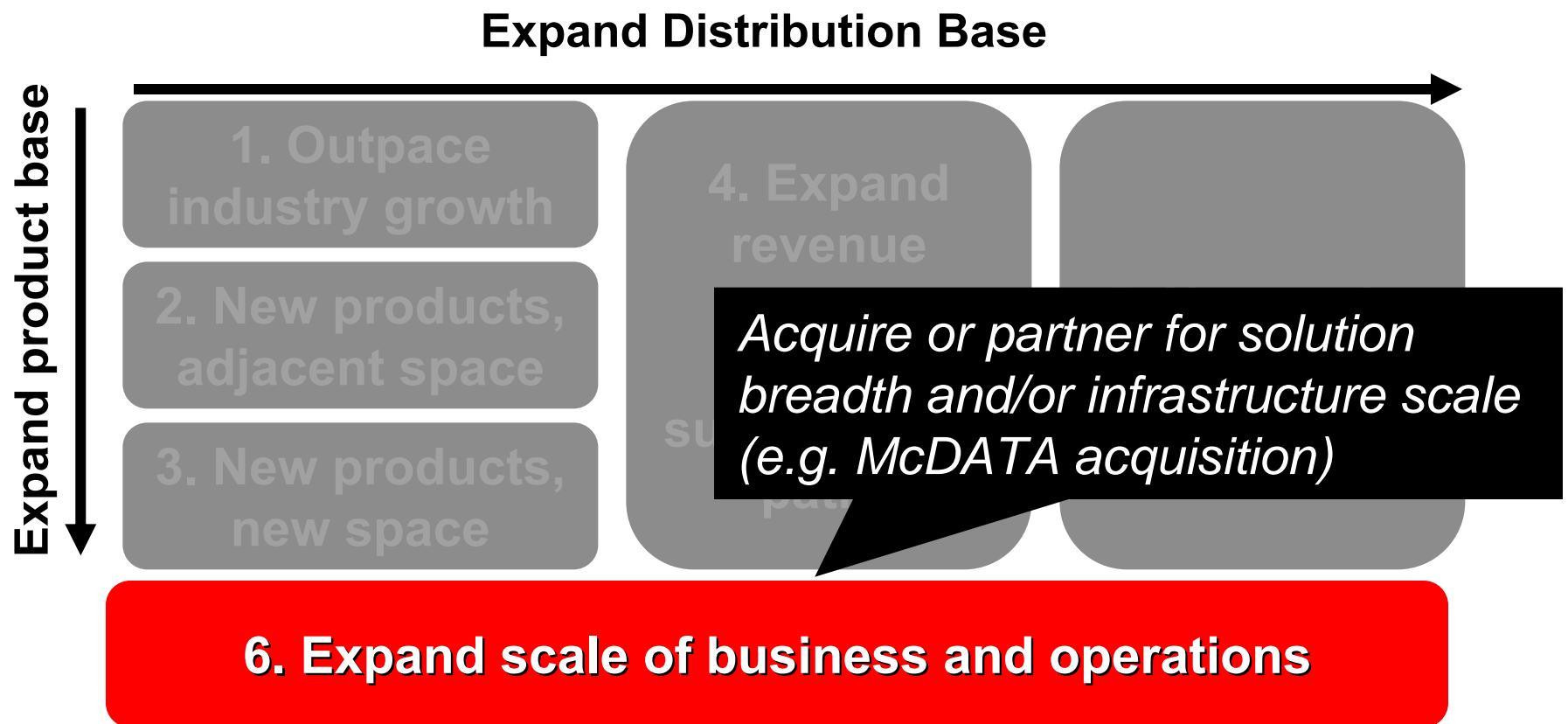
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The Brocade Playbook

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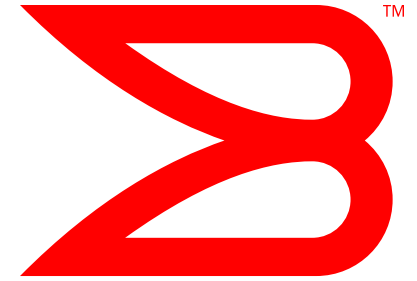


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The Data Center

The Trends and Dynamics We See

Our Strategy and Perspective

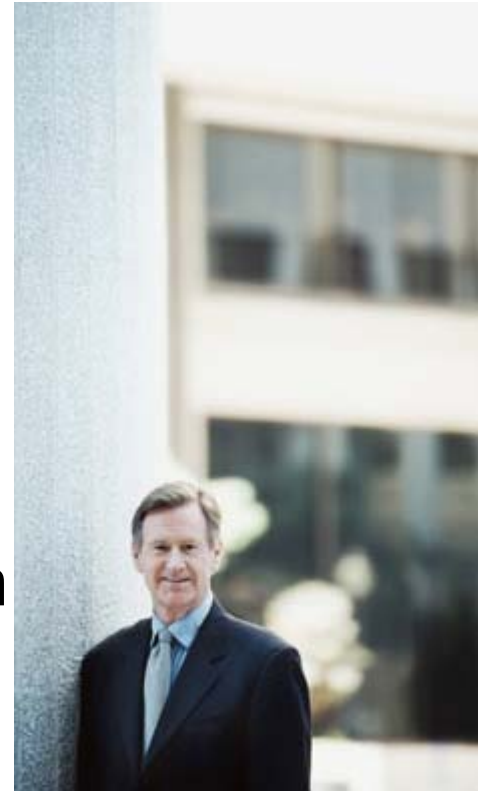
Don Jaworski

VP Product Development

September 20, 2007

Agenda

- **Customer Dynamics**
Why the Data Center Must Evolve
- **Next Generation Data Center**
How it is Changing
- **Brocade's Strategy and Unique Position**
- **Brocade's Products**
How they fit in

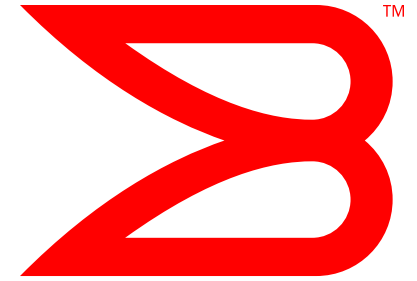


Major Messages

- Enterprise data center customers are undergoing a **transformation** to drive better costs, speed, and flexibility
- Brocade's technology and product investments **deliver or enable** key aspects of this transformation
- Brocade is in the **single best position** to deliver products and services to enable next-generation data center infrastructure

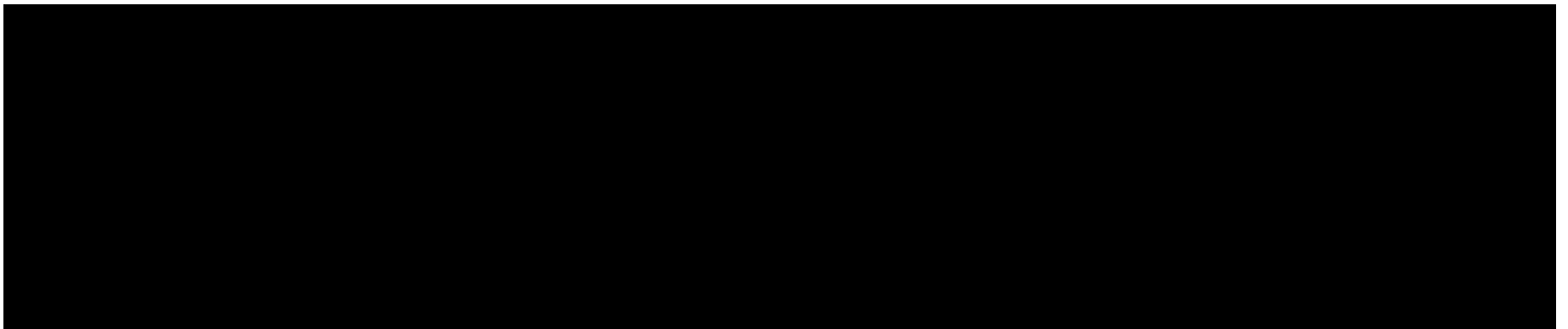


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Customer Dynamics

Why the Data Center is Evolving



Enterprise Data Center Customers are Undergoing a Transformation

Fundamental Drivers

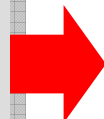
- **Optimize Asset Utilization**
 - Lower capital costs
 - Lower people costs
- **Increase Speed, Agility**
 - Ability to rapidly respond to new business needs



These customers have raised the bar on what they expect the data center infrastructure to do

Fundamental Drivers

- **Optimize Asset Utilization**
 - Lower capital costs
 - Lower people costs
- **Increase Speed, Agility**
 - Ability to rapidly respond to new business needs

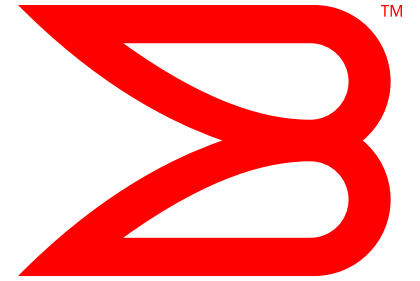


Requirements

- **Always On**
- **Flexibility to apply resources where needed**
- **Scale & Performance**
- **Simpler deployment with low operational risk**
- **Integrated solutions**

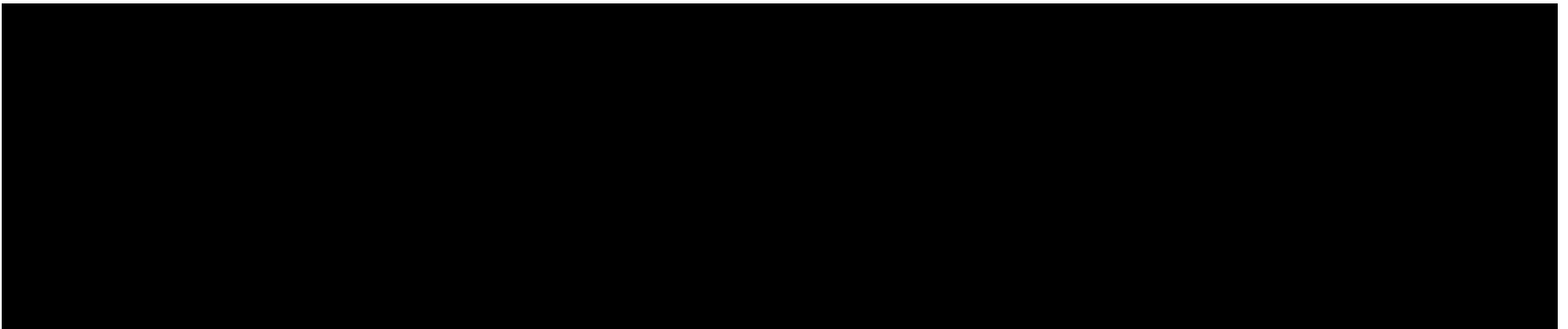


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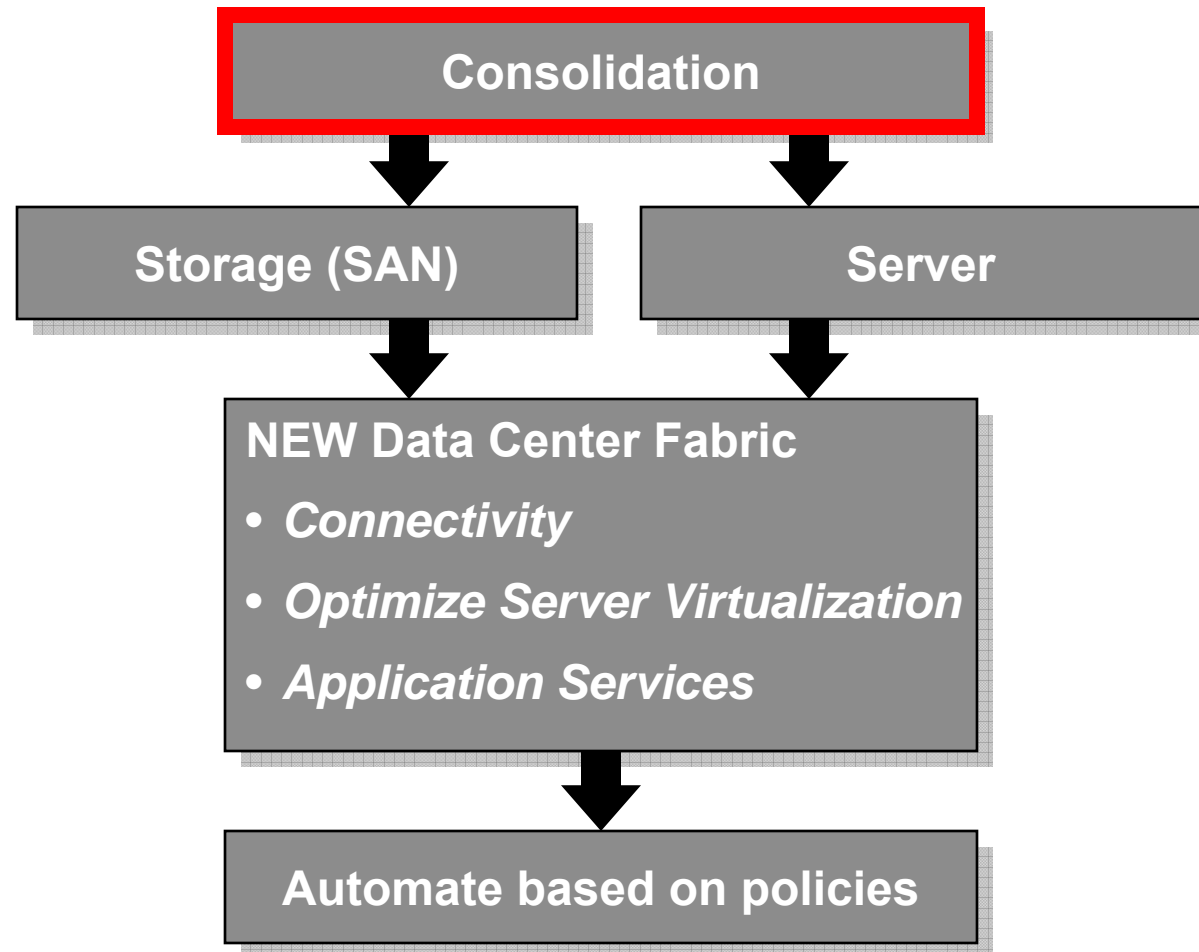


The Next-Generation Data Center

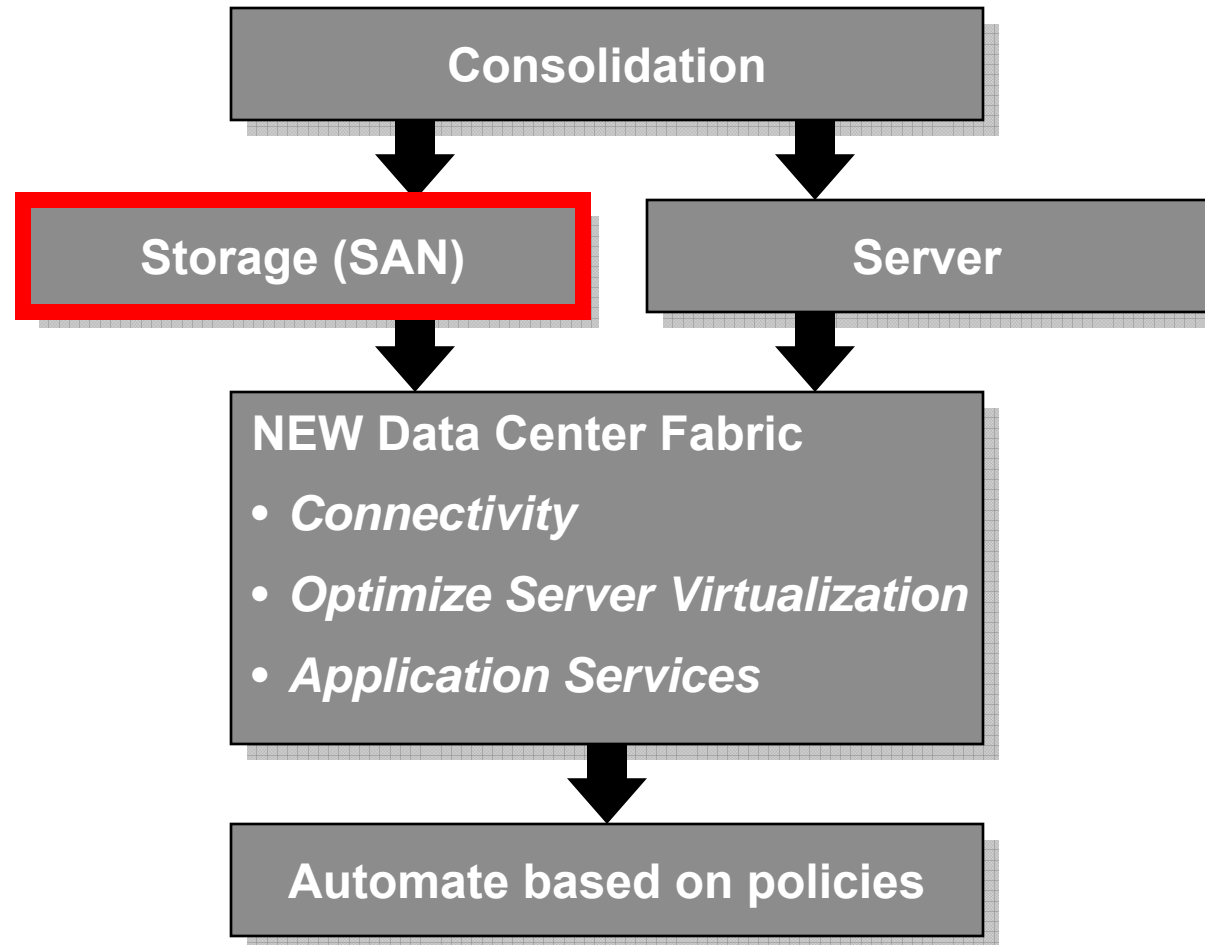
How the Data Center is Evolving



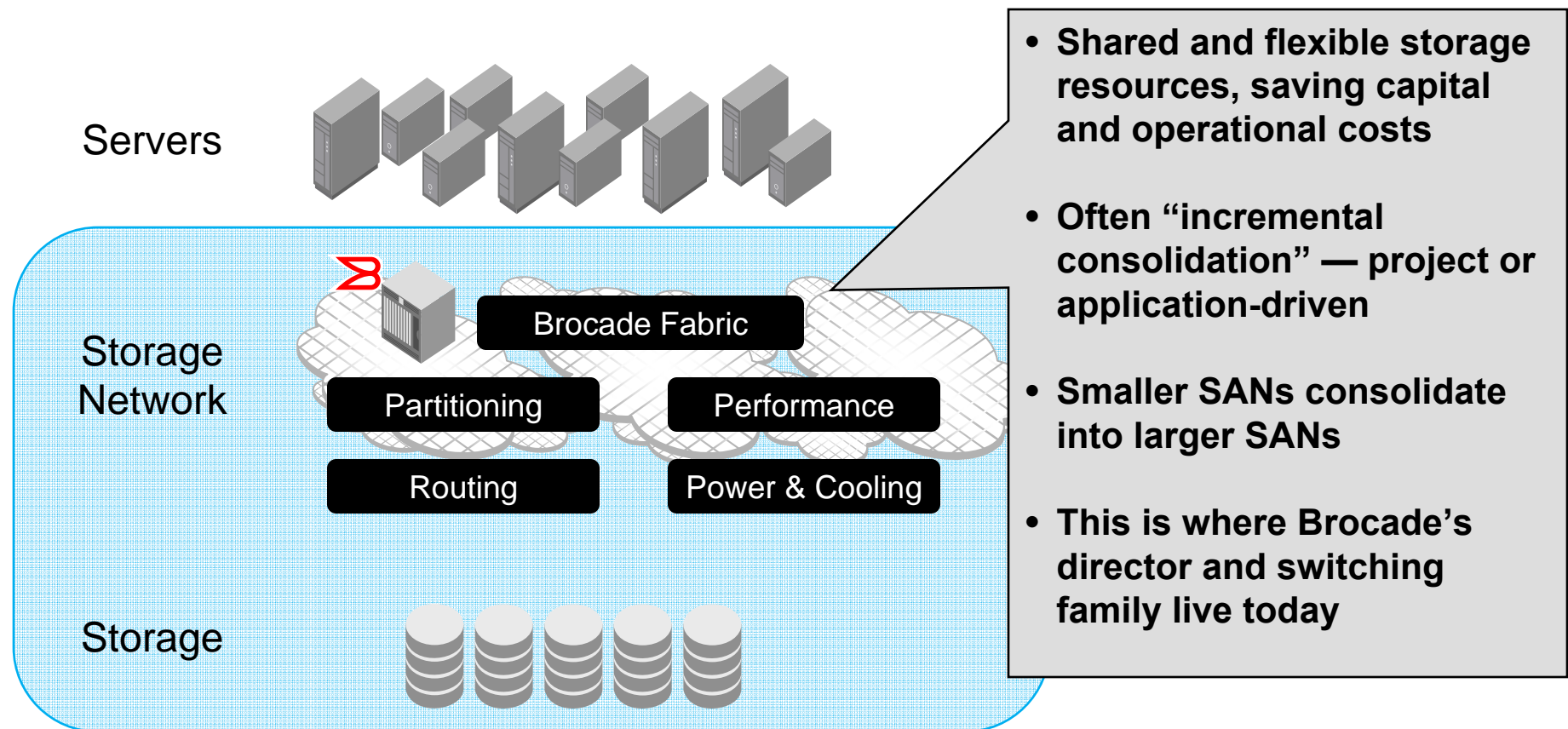
Data Centers are Being Driven to Consolidate, Re-architect, and Automate



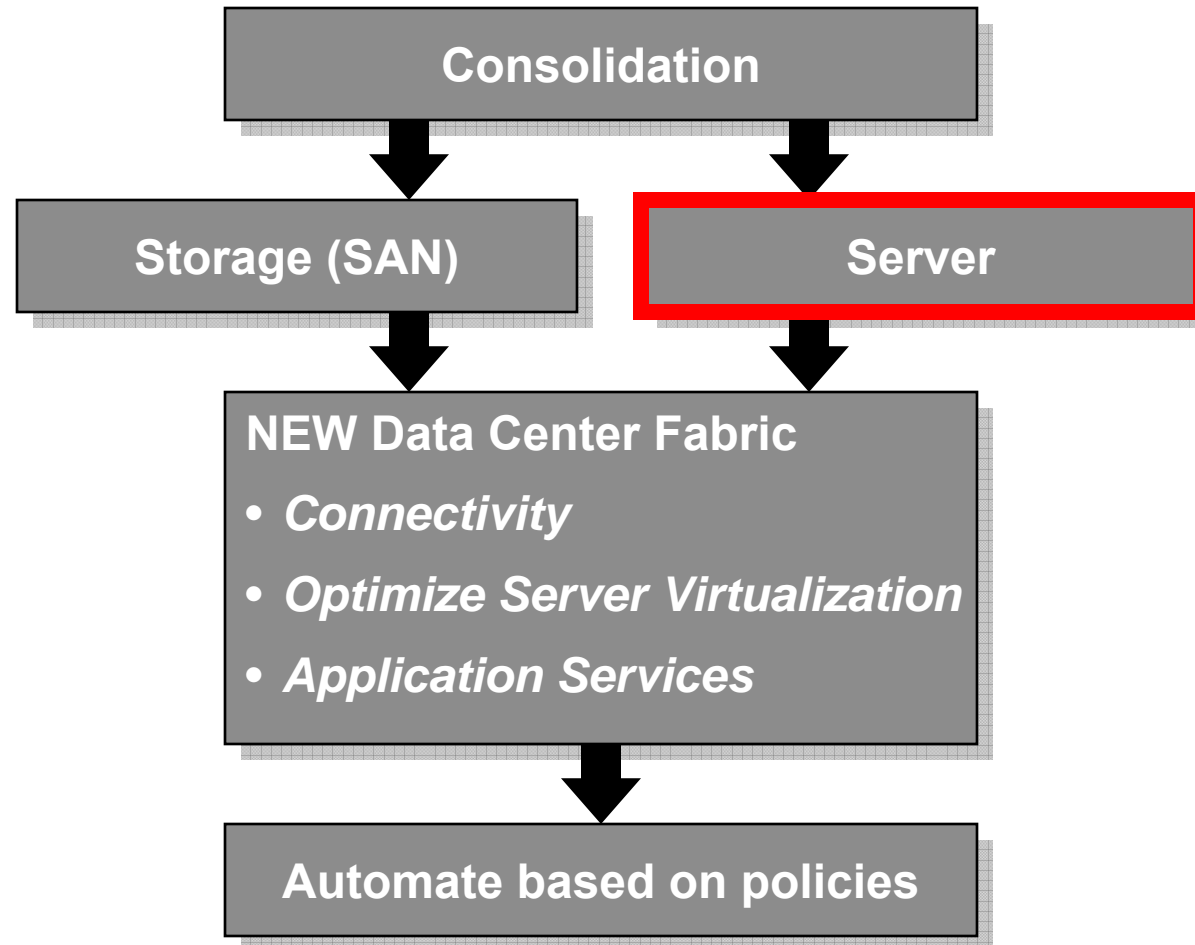
The First Step was Storage Consolidation, Enabled by SANs



Storage Consolidation is Enabled by SANs

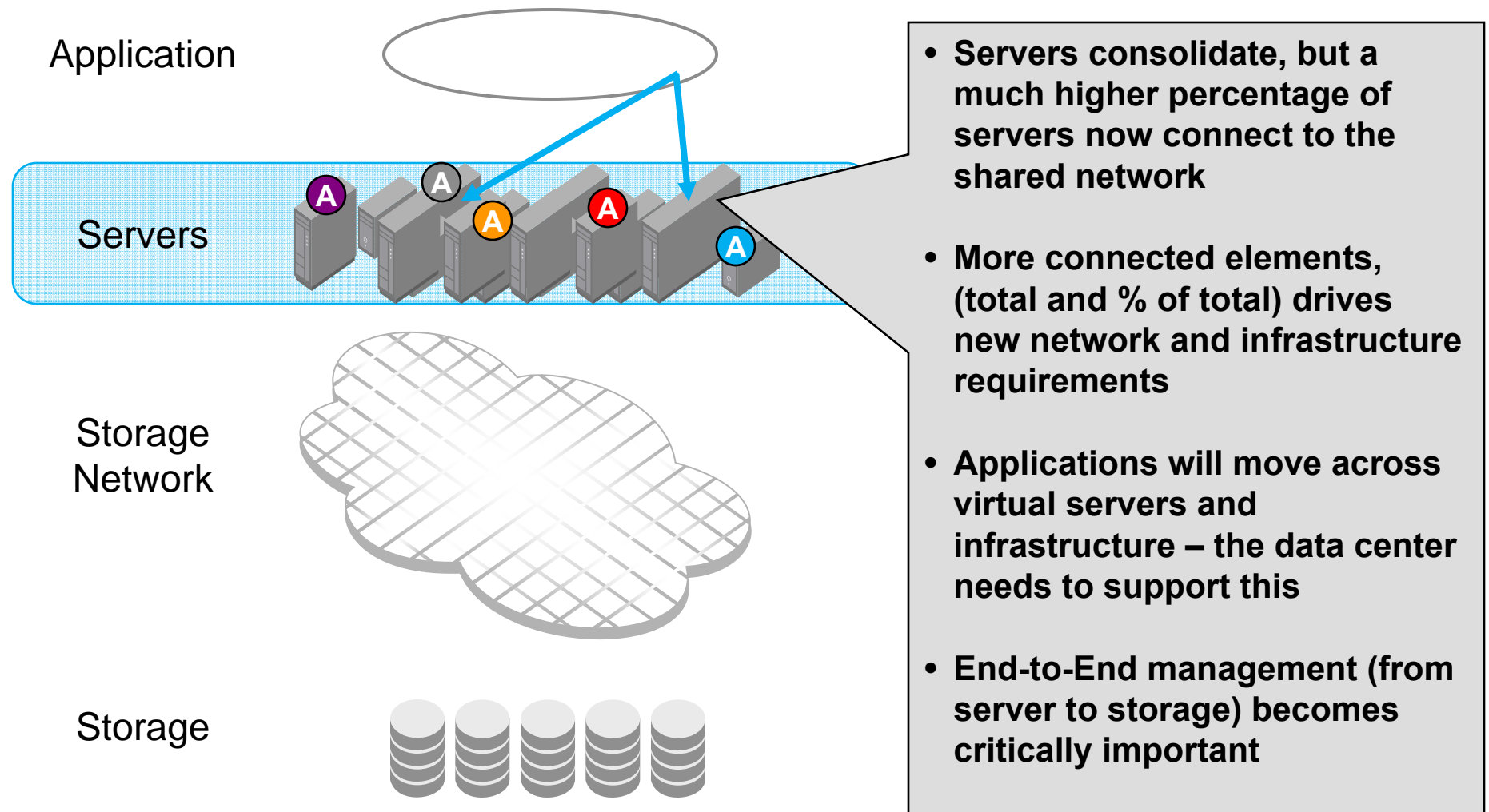


Server Consolidation is the Next Big Payback

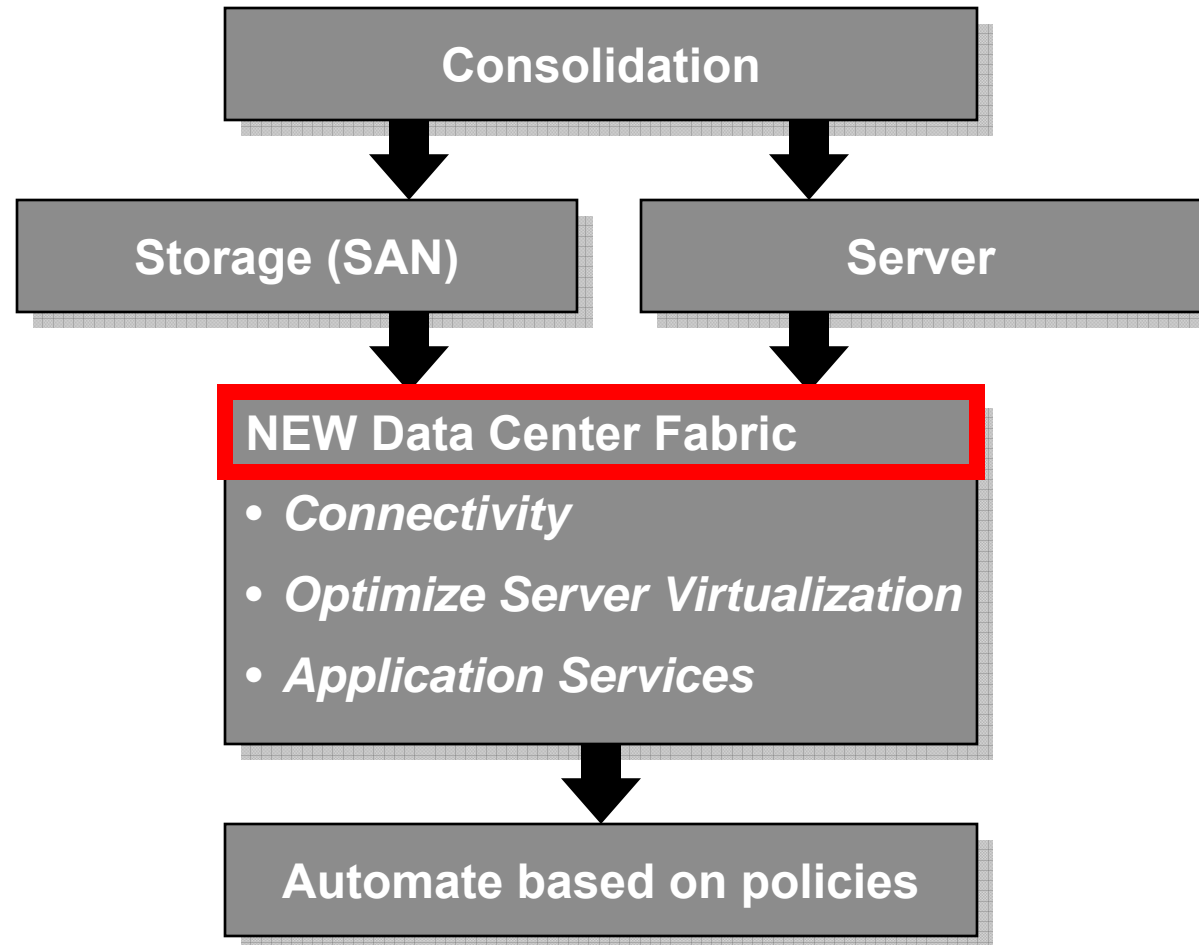


Server Virtualization Drives Server Consolidation

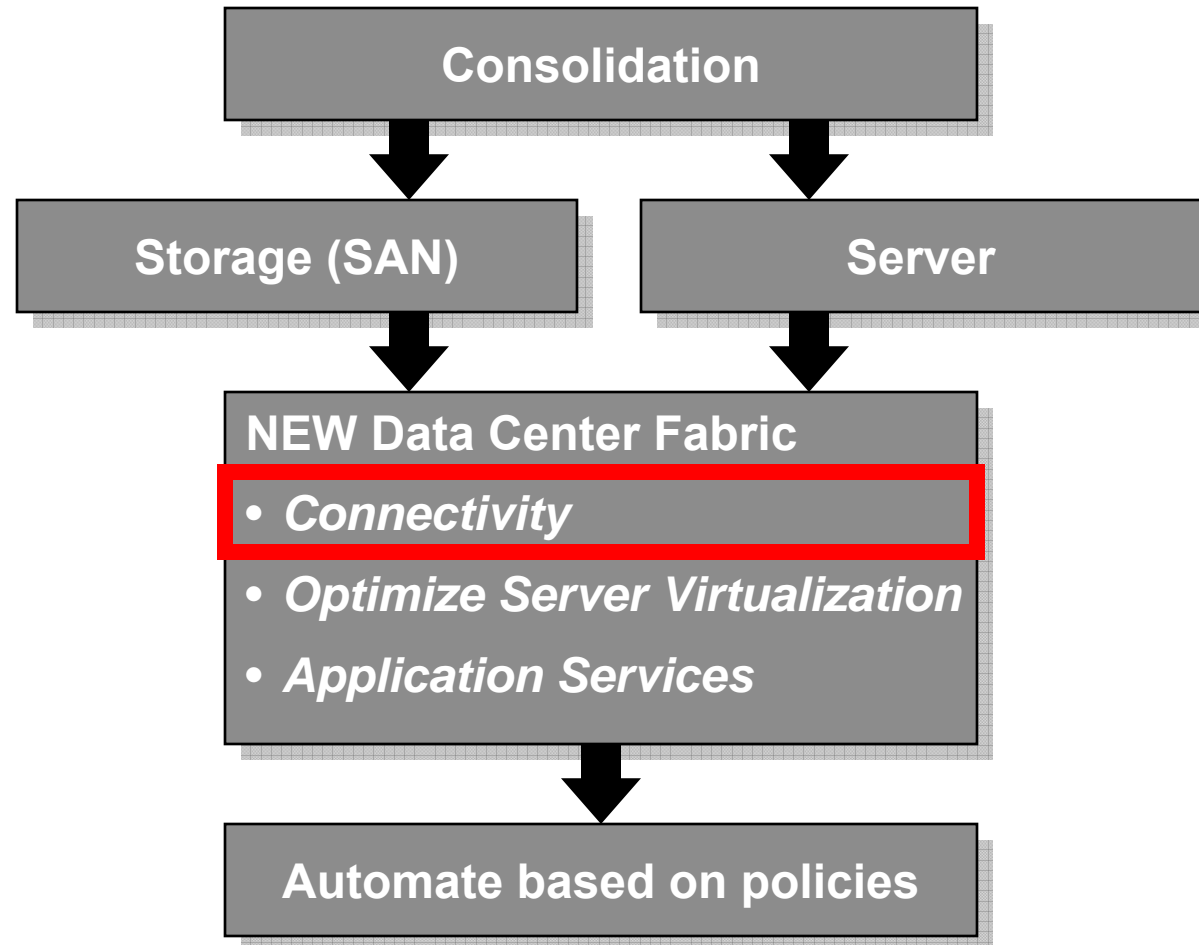
And Server Virtualization also relies on SANs



Large-scale Storage and Server Consolidation Forces Customers to re-think (and re-architect) the Data Center Network

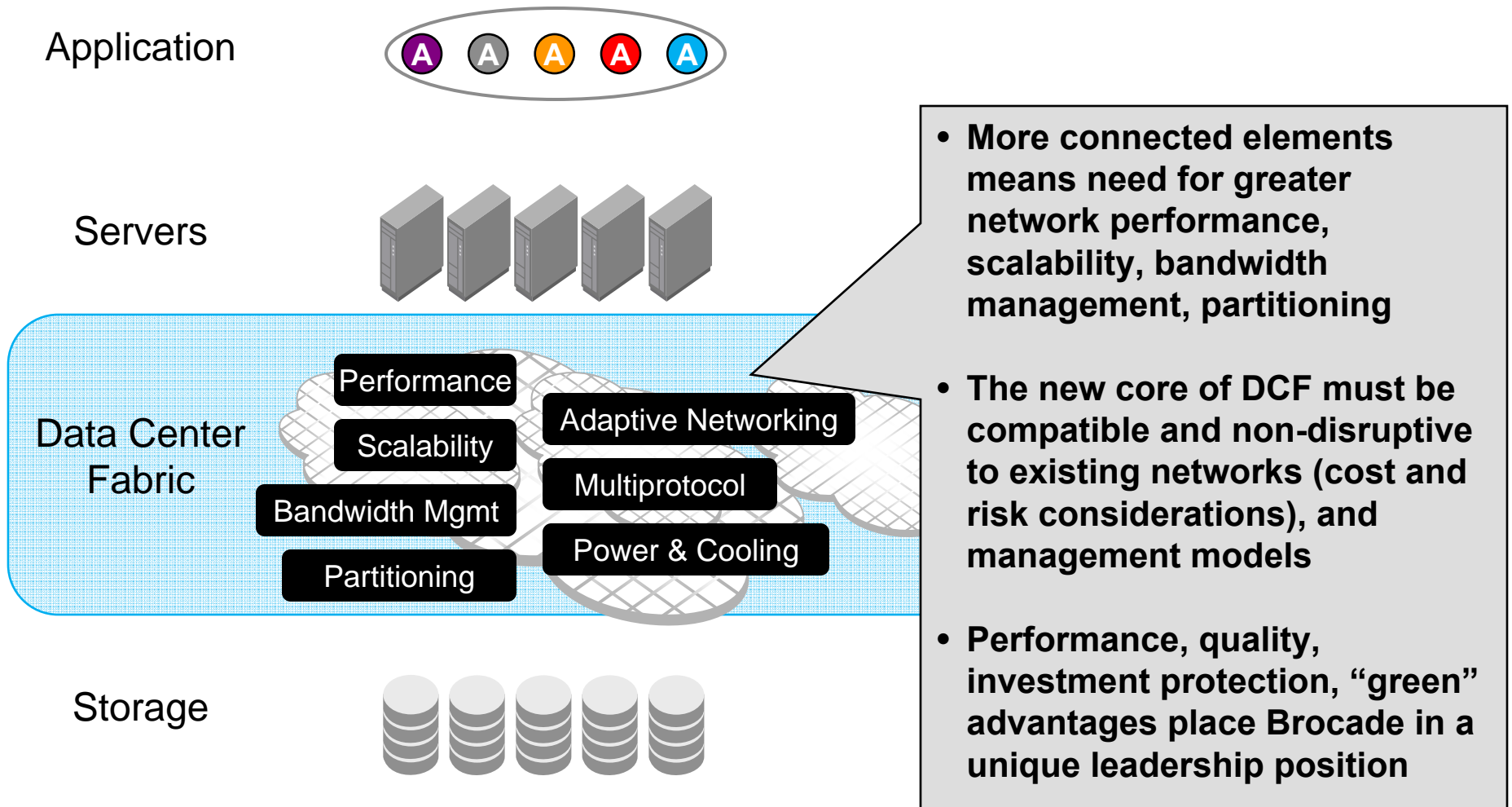


The new Data Center Fabric (DCF) must have new and more scalable connectivity features

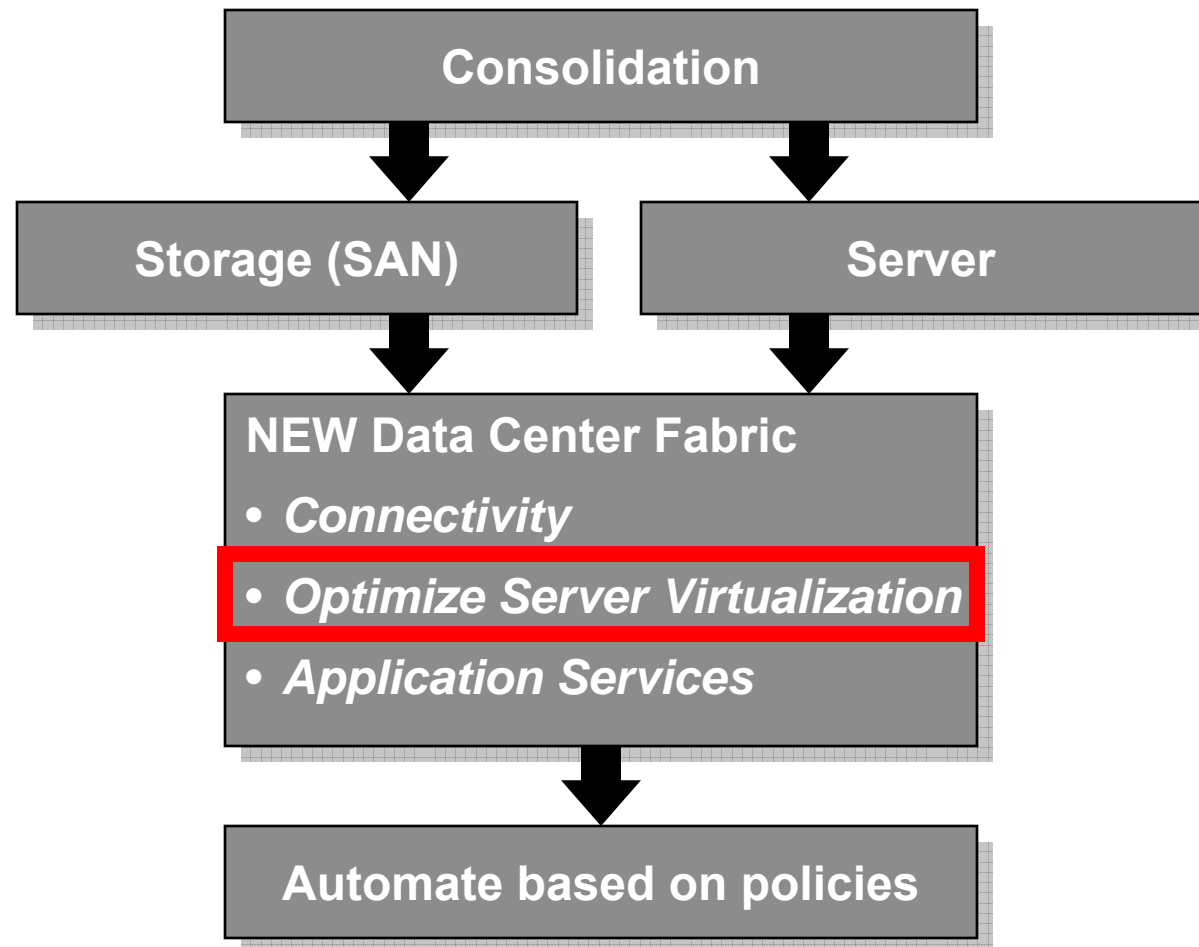


Data Center Fabric

New requirements to better support higher levels of connectivity

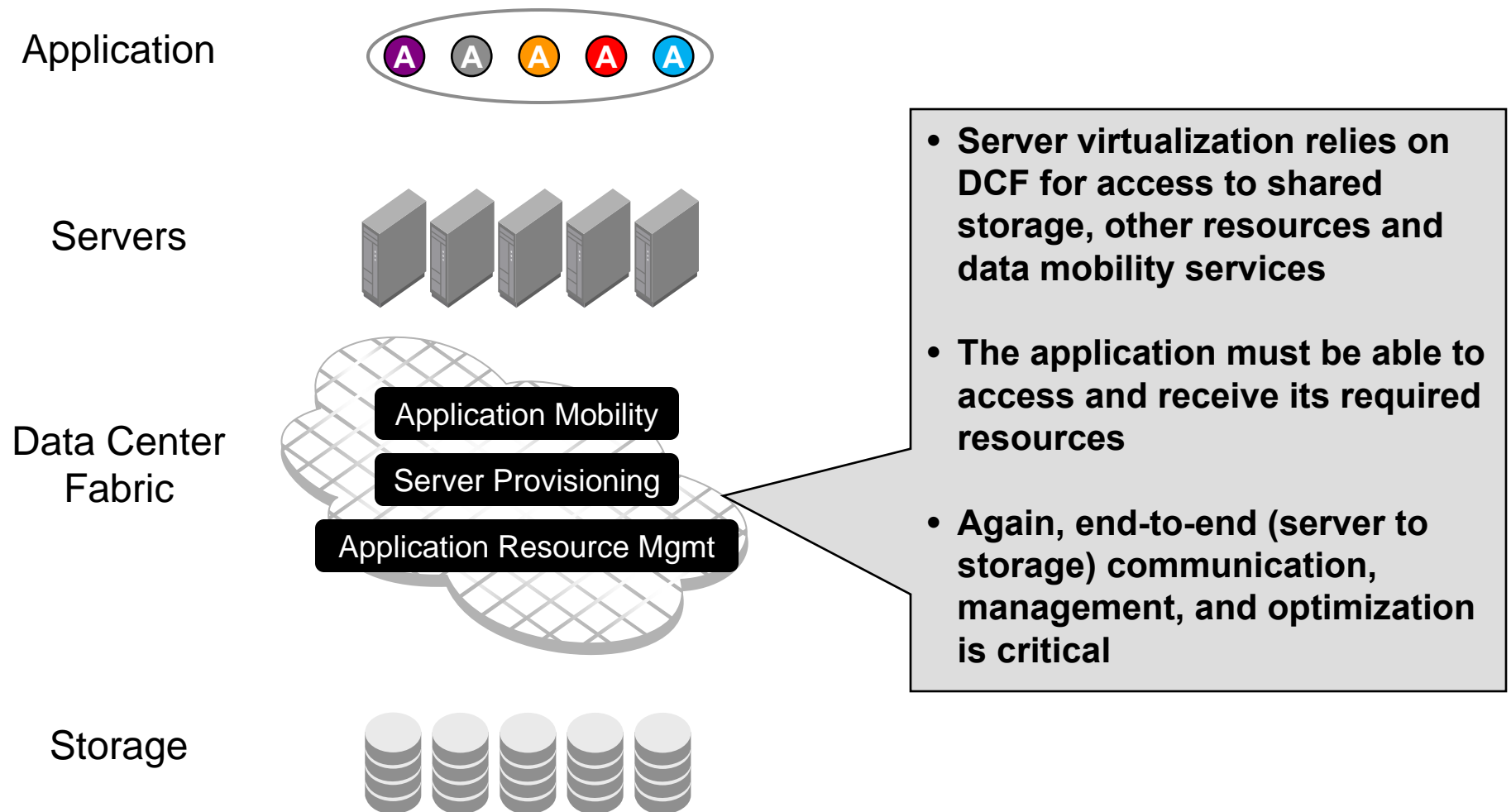


The new Data Center Fabric (DCF) must have new features to better support and optimize server virtualization

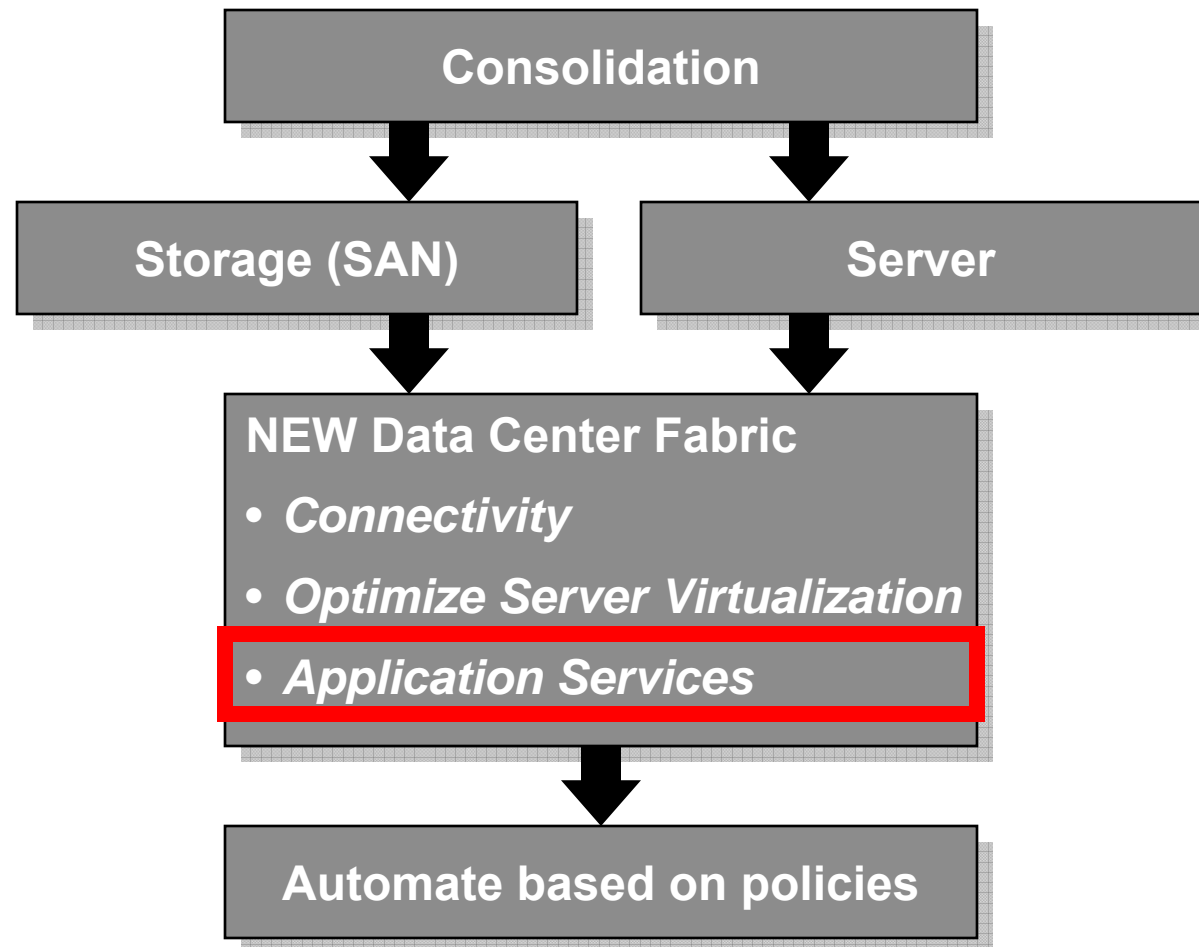


Data Center Fabric

New requirements to better support and optimize server virtualization

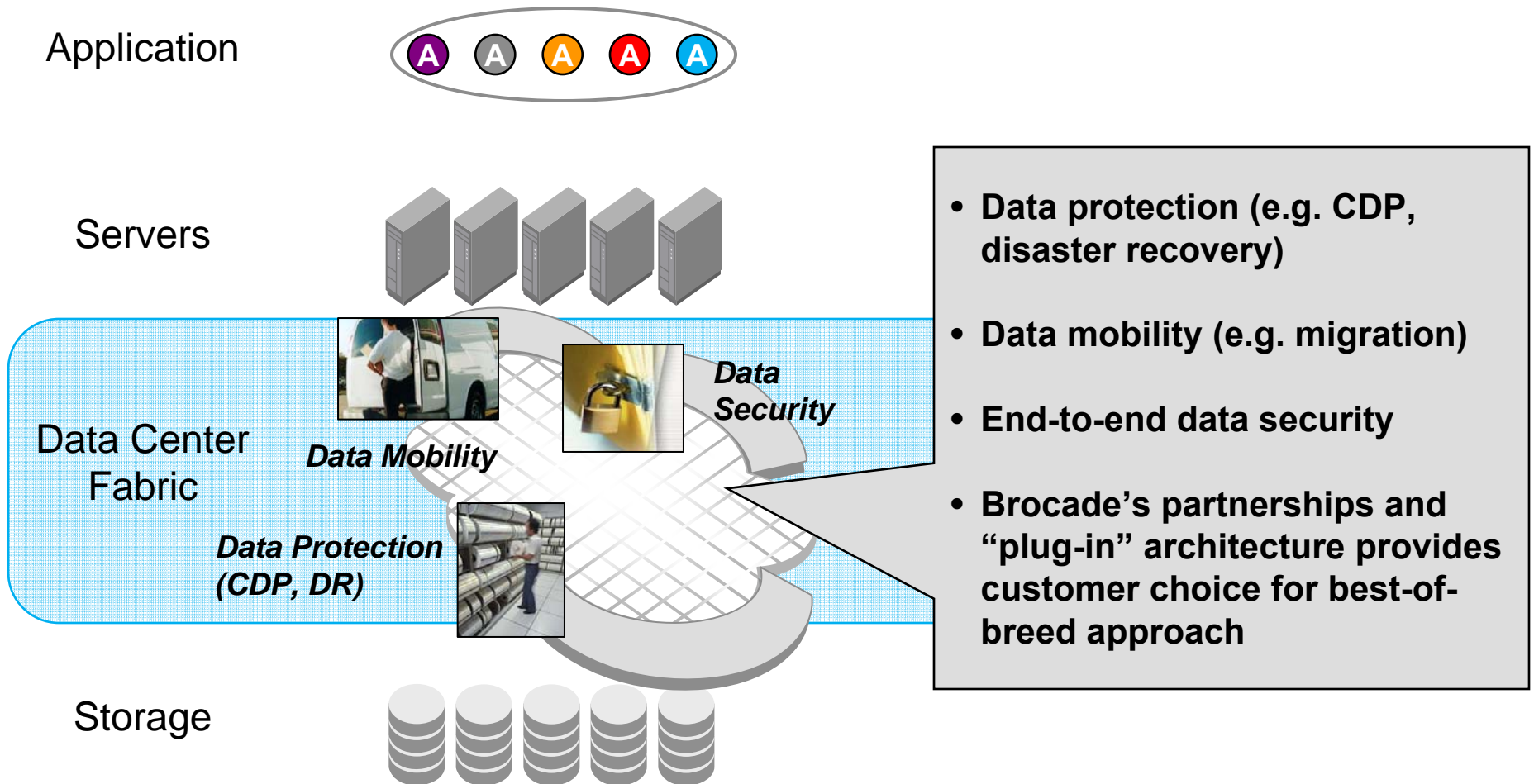


The new Data Center Fabric (DCF) must have new features that *enable applications to move and protect data* in virtualized environments

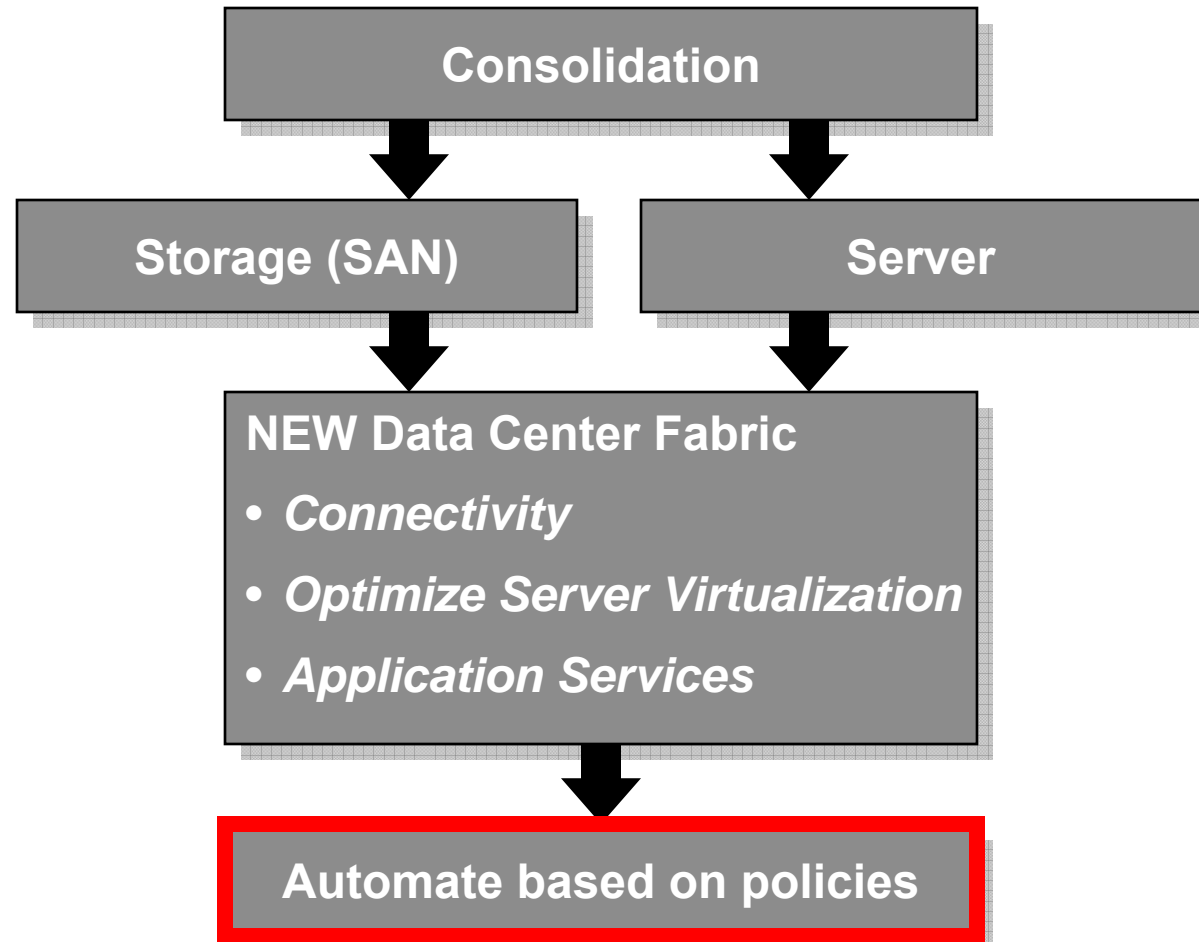


Data Center Fabric

New requirements to enable applications to better move and protect data

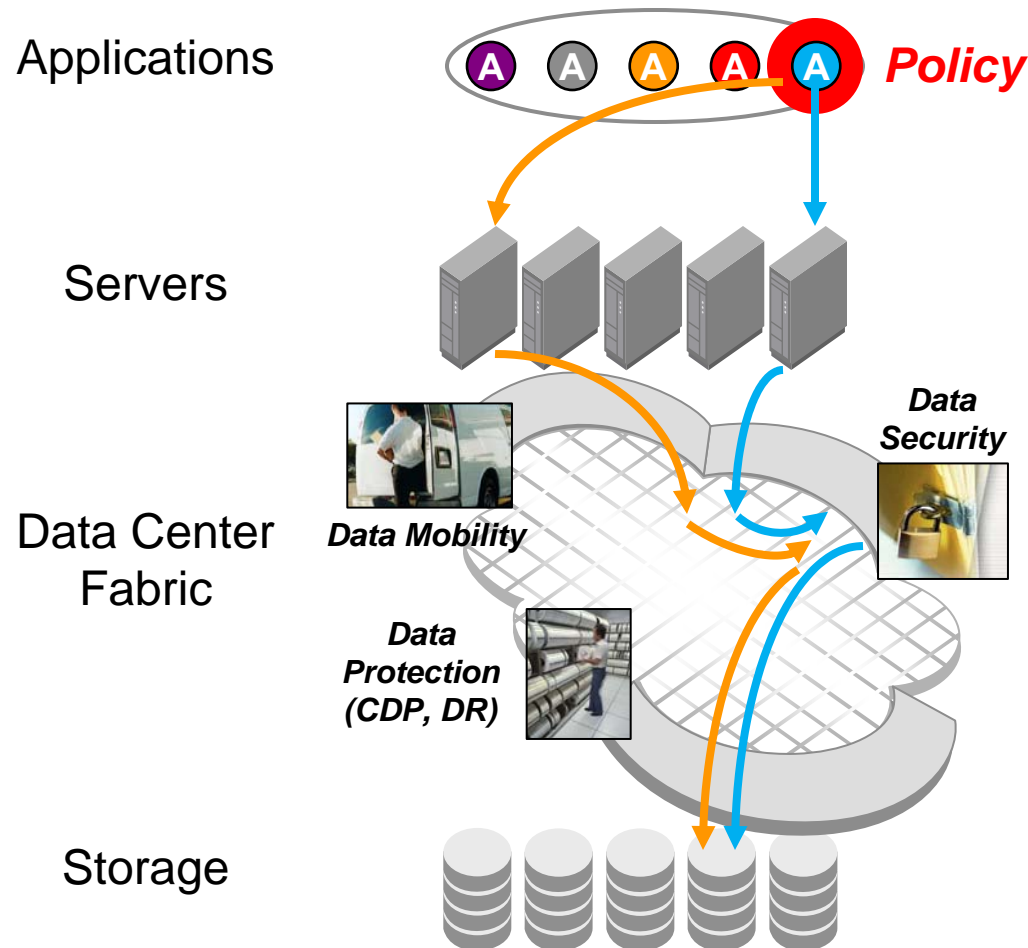


The new Data Center Fabric (DCF) will evolve to be more automated, based on business policies



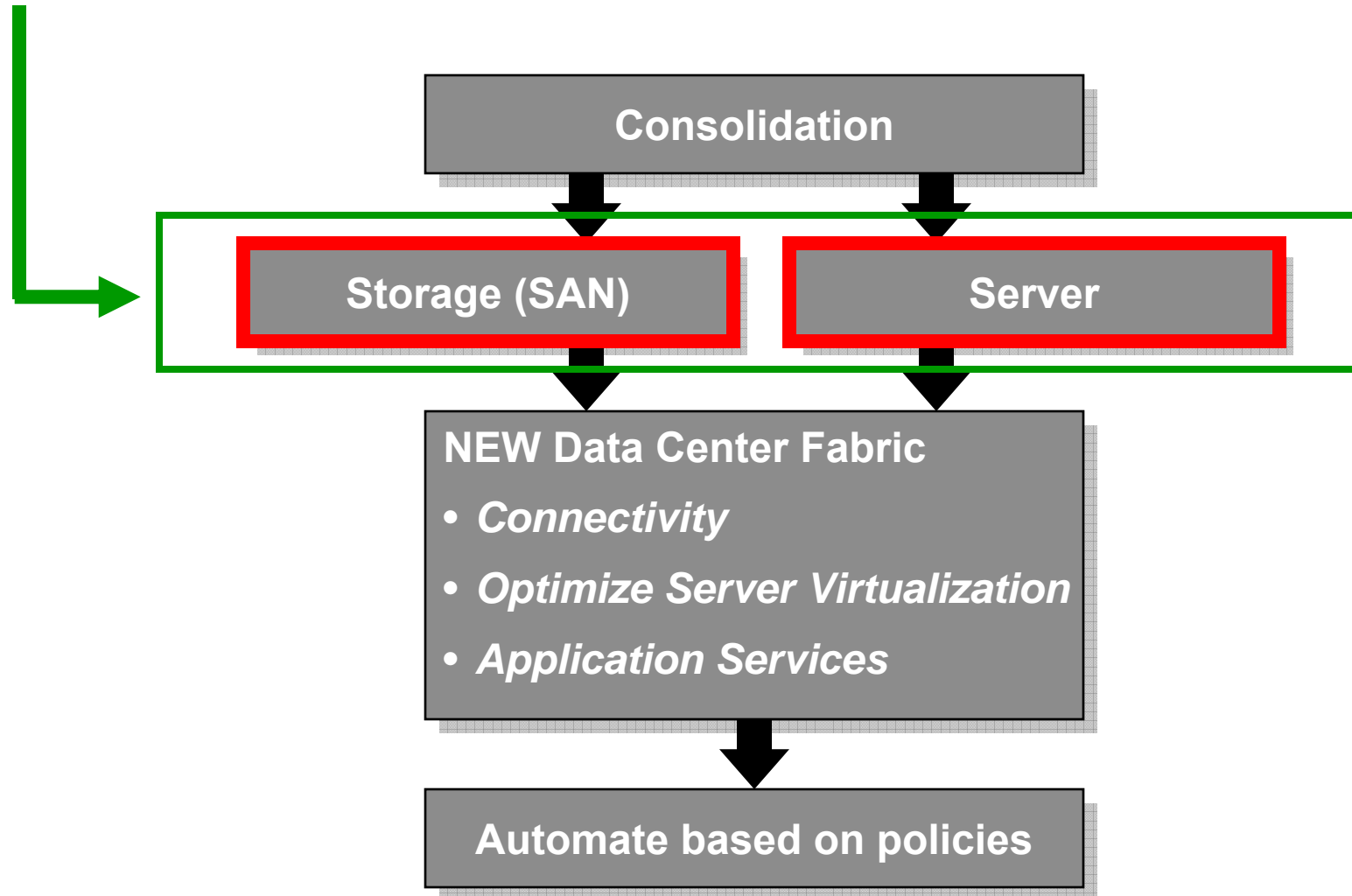
Data Center Fabric

Policy-based automation (“orchestration”)

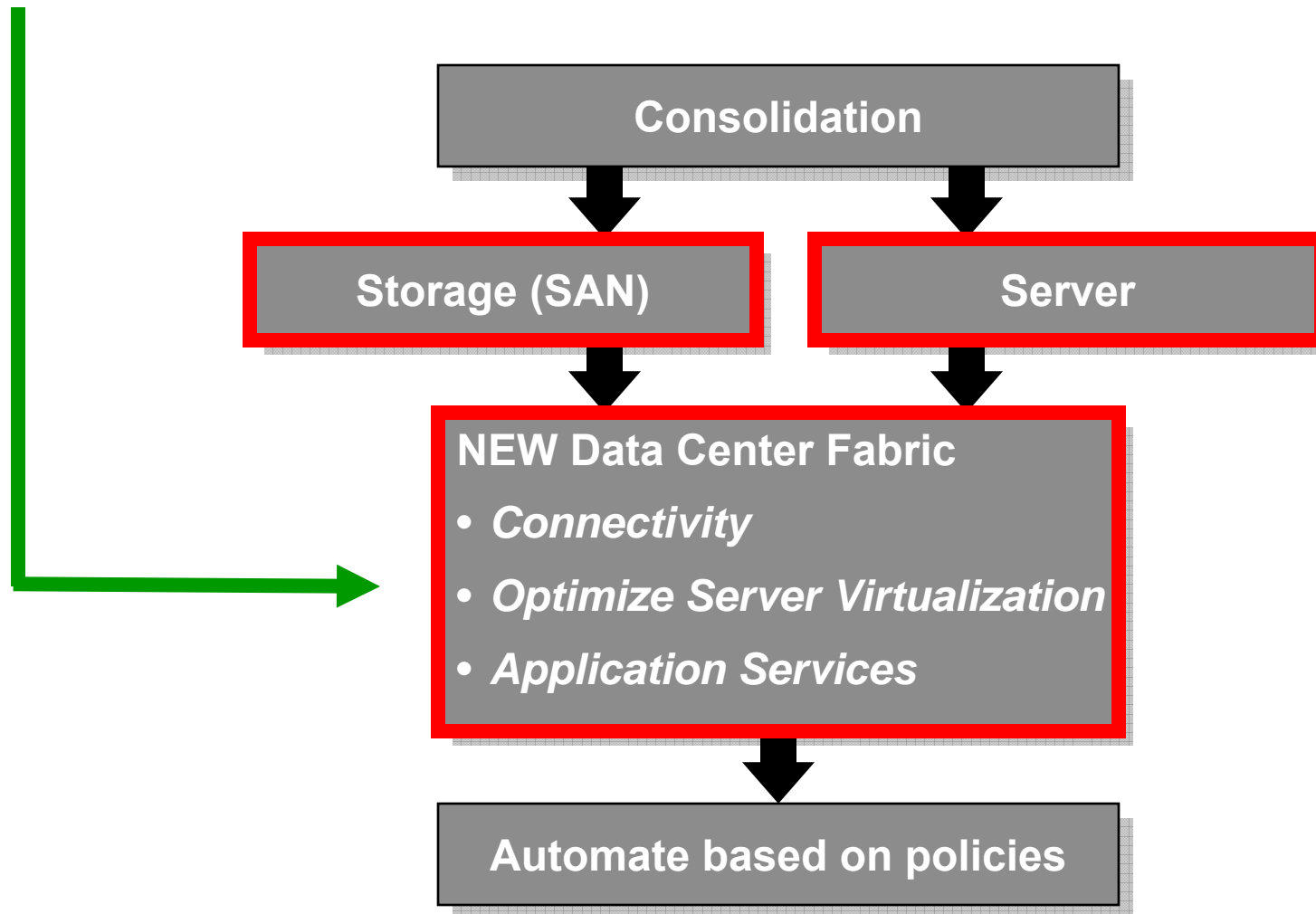


- Brocade has unique, policy-based features and architecture that will more easily accommodate automation
- End-to-end approach enables a broader range of automation possibilities
- Broad partnerships provide the ability for partners to customize and innovate, providing compelling customer choices

We are Here Today



We are Moving Rapidly to Here



Our strategy and deliverables for the Next Generation Data Center Fabric are Unique and Differentiated

We have a large and strategic installed base in the core of data centers worldwide



Our approach is Application and Data-Centric



We will provide a Highly Connected, Scalable and High Performance Data Center Fabric



With Plug-In Services and Intelligence



Managed by a common framework



It provides Investment Protection and Extension



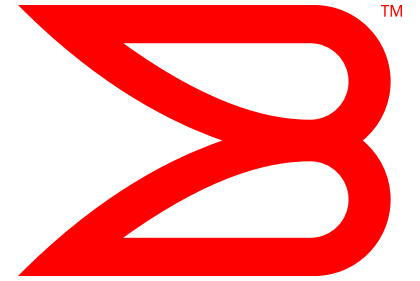
Time-to-market and performance advantages



Broad partnerships to give customers choice and best of breed, integrated solutions

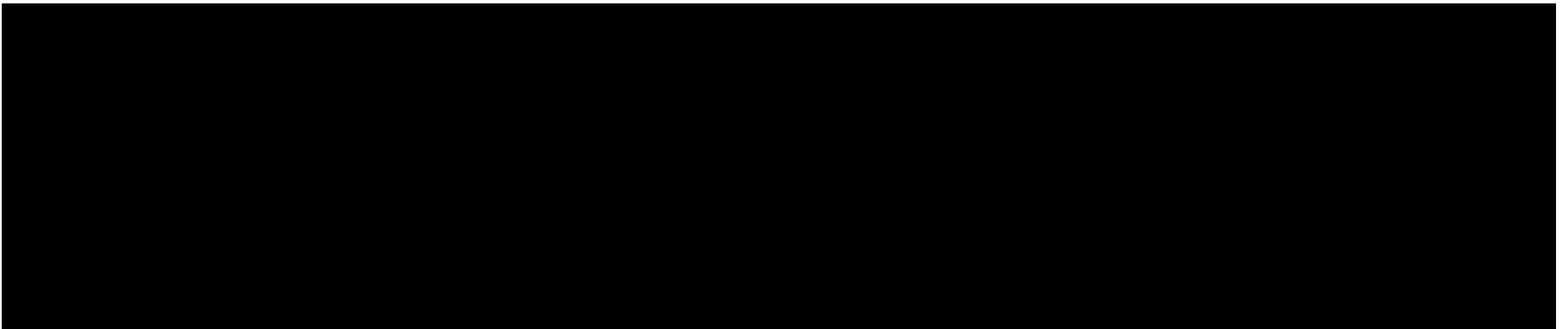


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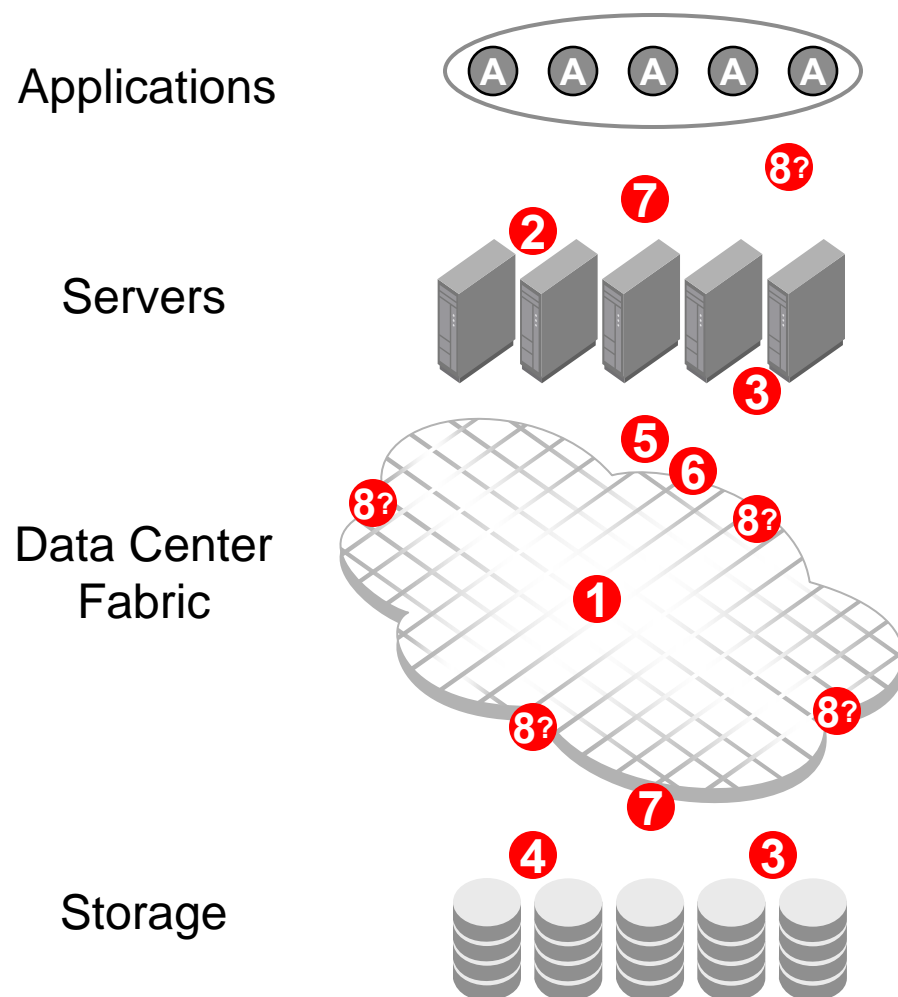


Brocade's Products

Leading the delivery of the winning strategy



Our product and technology initiatives and investments are in full support of this strategy



- 1 SAN and Data Center Fabric:** directors, switches, blades, new segments
- 2 HBA (Server Connectivity):** enabling end-end features and simplified management in support of a virtualized environment
- 3 FAN:** policy-based data mobility, protection, and security of files
- 4 Brocade DMM (data migration):** mobility of block data across heterogeneous elements on the DCF
- 5 Silverback Acquisition:** Ethernet technologies to provide more connectivity options and performance for the DCF
- 6 FCoE:** standards-based development driving additional (and compatible) options for broader DCF connectivity
- 7 Partnerships:** e.g. server and storage virtualization partnerships with OEMs
- 8? Others:** (TBA)

As part of our upcoming new product cycle, you will hear us talking about “DCX”

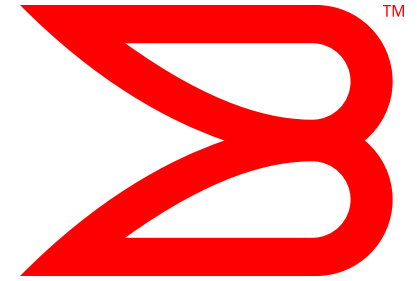
- **As the backbone of our new data center fabric (DCF) architecture**
 - Enables greater levels of consolidation
 - Provides breakthrough performance and flexibility for virtualized environments
- **As a family of next-generation products**
 - Which includes an 8G upgrade to our 48K director
 - And the introduction of a higher-end data center core
 - With tight integration of our new server connectivity products
- **As a platform that enables a new set of services**
 - Including data mobility, protection, and security
 - And automation for data management



Customers Continue to Choose Brocade



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Brocade Market and Customer Update

Tom Buiochi

VP Marketing and Customer Support

September 20, 2007

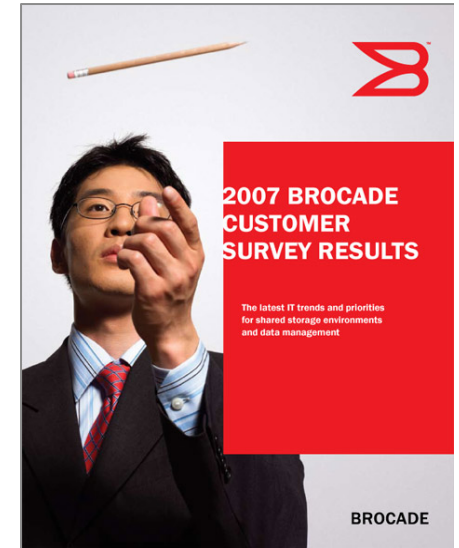
Key Points

- **Our strategy and initiatives are aligned to what our customers are asking for**
- **There continues to be strong growth dynamics across our target segments in the data center**



Brocade Annual Customer Survey - 2007

- **5th consecutive year of survey**
- **660 respondents – global, enterprise sample**
 - Challenges, IT trends and requirements
 - Expectations for the next 12 months
- **Many growth and diversification opportunities confirmed**
 - Infrastructure refresh, new software and service offerings
 - Adjacent product offerings to create broader footing and cornerstone for “next” data center solutions



Top Priorities

SAN & data center management, next 12 months

Reduce the complexity/cost of managing and maintaining storage:



Reduce the cost and time required to provision, activate/allocate, and/or boot servers:



Re-architect existing SAN or design next-generation SAN:



Implement data replication or migrate data between data centers:



Deploy remote connectivity for disaster recovery and business continuity:



Top 3 Priorities – and the Opportunities

1. Reduce complexity/cost of managing and maintaining storage:

59%

- #1 for 4 years now, the most constant feedback we have
- Cost has come down, but complexity is up
- Opportunity = Better end-to-end solution, incl. server connectivity, mgmt SW

2. Reduce cost and time required to provision servers:

43%

- #2 for 3 years now, server management becoming more complex
- Server consolidation and virtualization initiatives are driving SAN/Storage
- Opportunity = Use SAN (incl. HBA) to accelerate blades and virtual servers

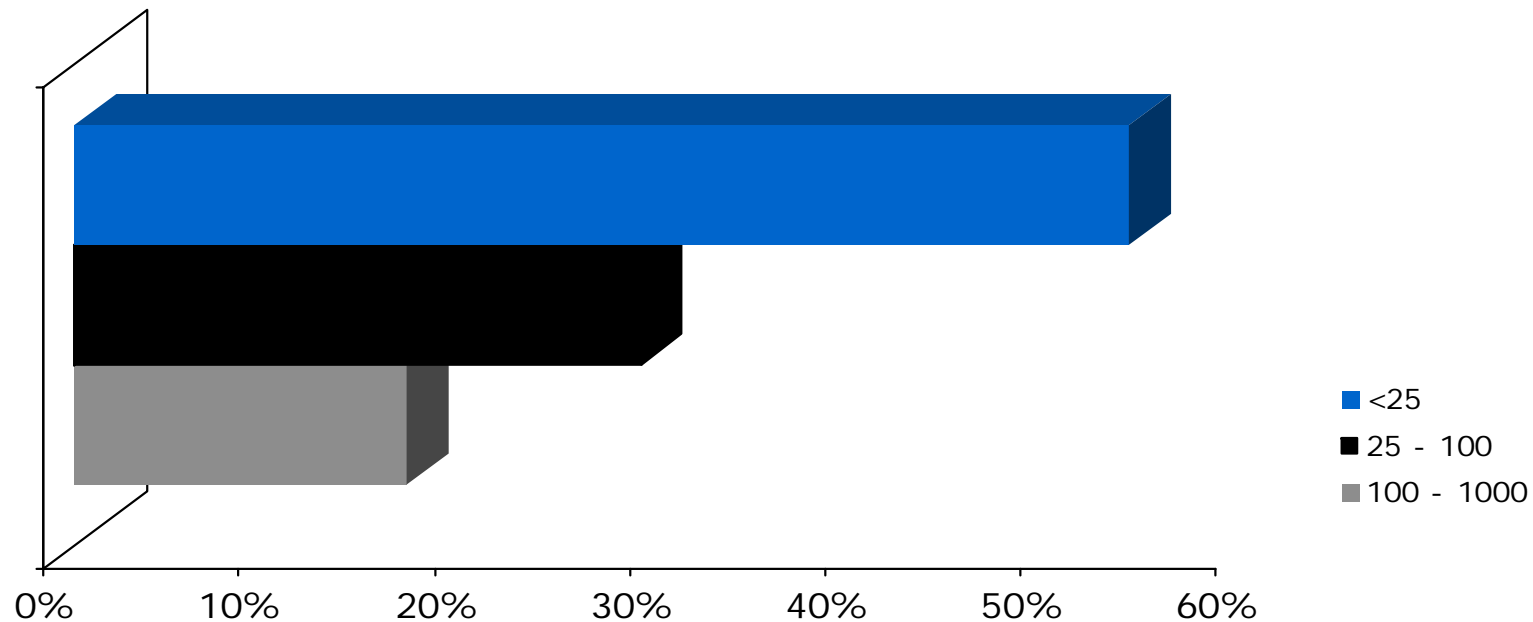
3. Re-architect existing SAN or design next-generation SAN:

37%

- #3 for 3 yrs, in top 5 for 4 yrs, flat from '06
- More than 1/3 customers doing next generation SAN design in next 12 mos.
- Opportunity = Next-generation data center architecture, products & services

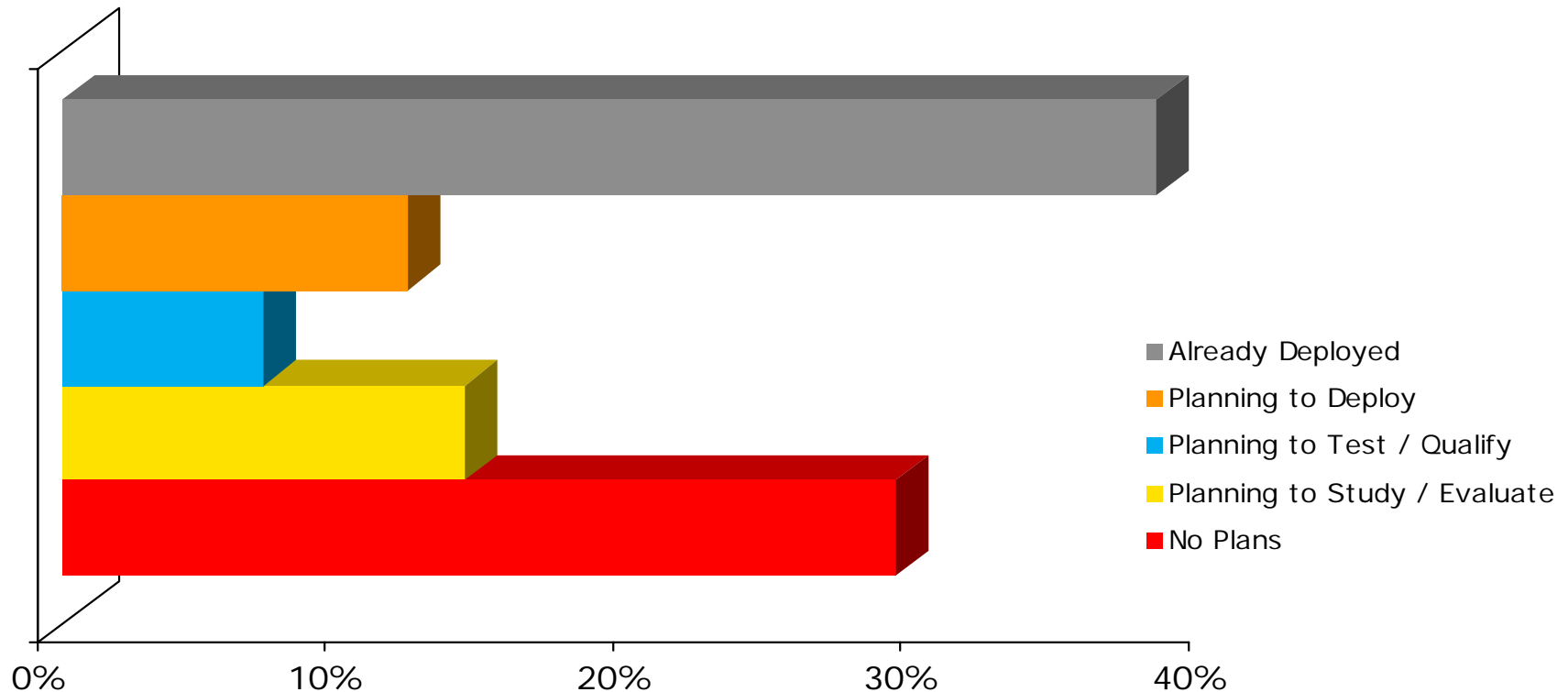


Virtual Server Deployments



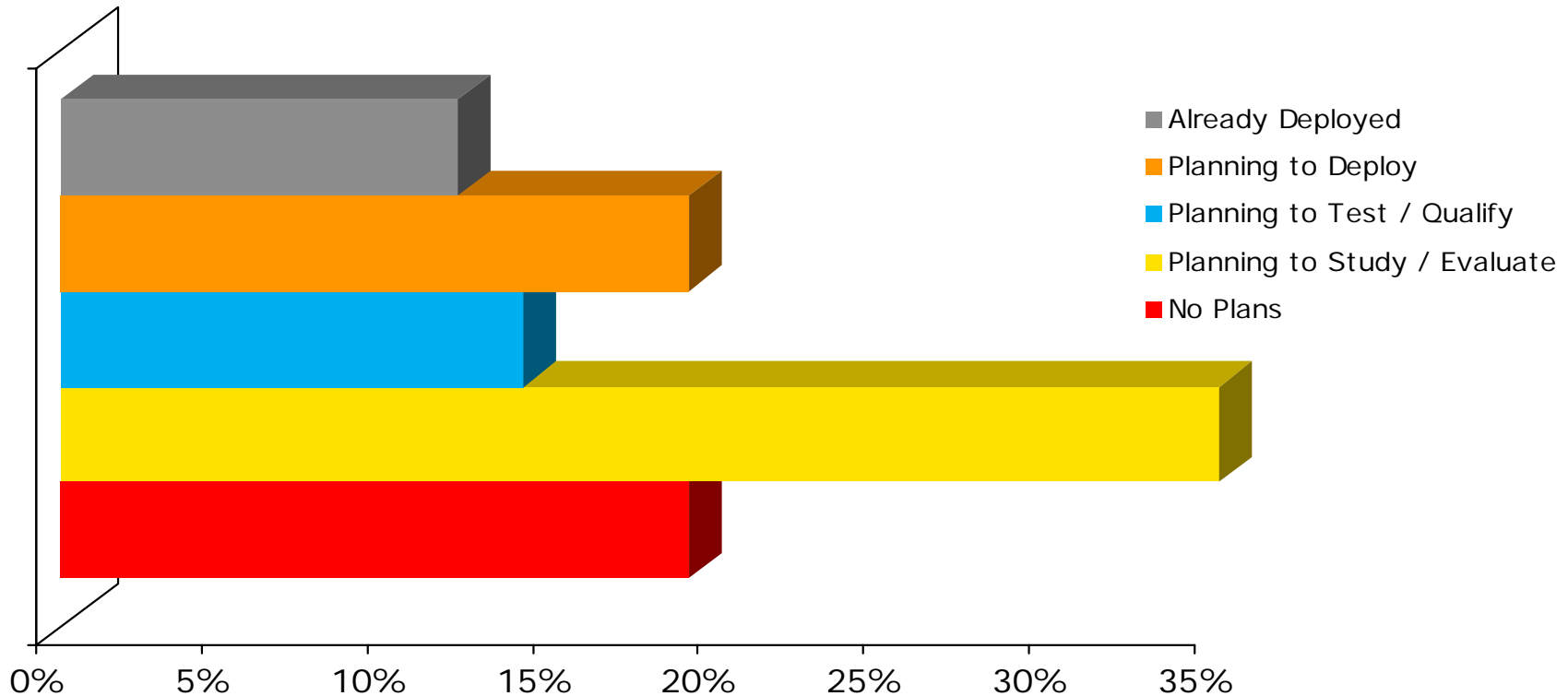
- **Trend:** Virtual server growth driving SAN connectivity growth
- **Opportunity:** \$1 of virtual server SW drags est. \$3-\$5 of SAN/network
- **Opportunity:** Virtual server environments will drive initial 8G usage

Bladed Servers



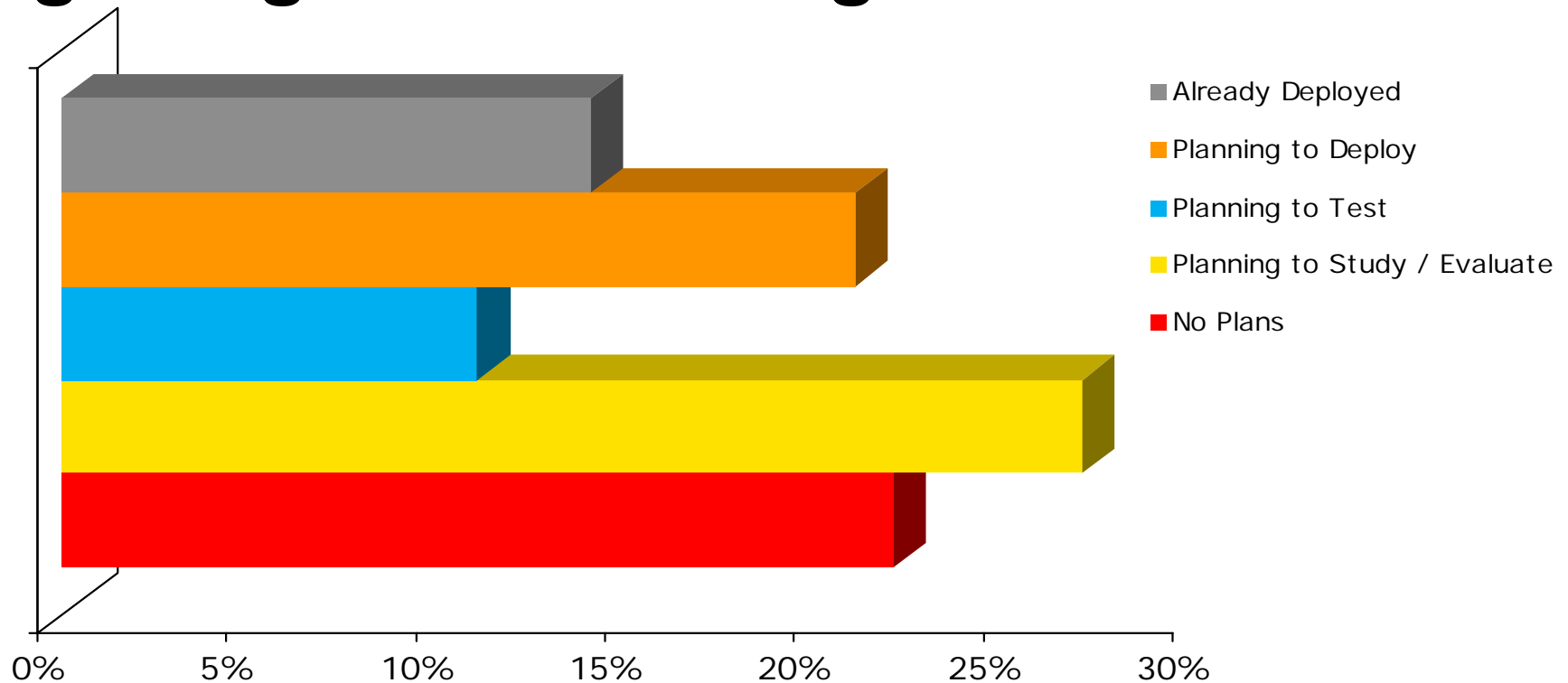
- **Trend:** new in 2004, up in '05, flat in '06, up again in '07
- **Opportunity:** scale out those initial (typically small, pilot) deployments
- **Opportunity:** Bladed servers (often virtualized) have high SAN attach rates

Fabric-based Applications



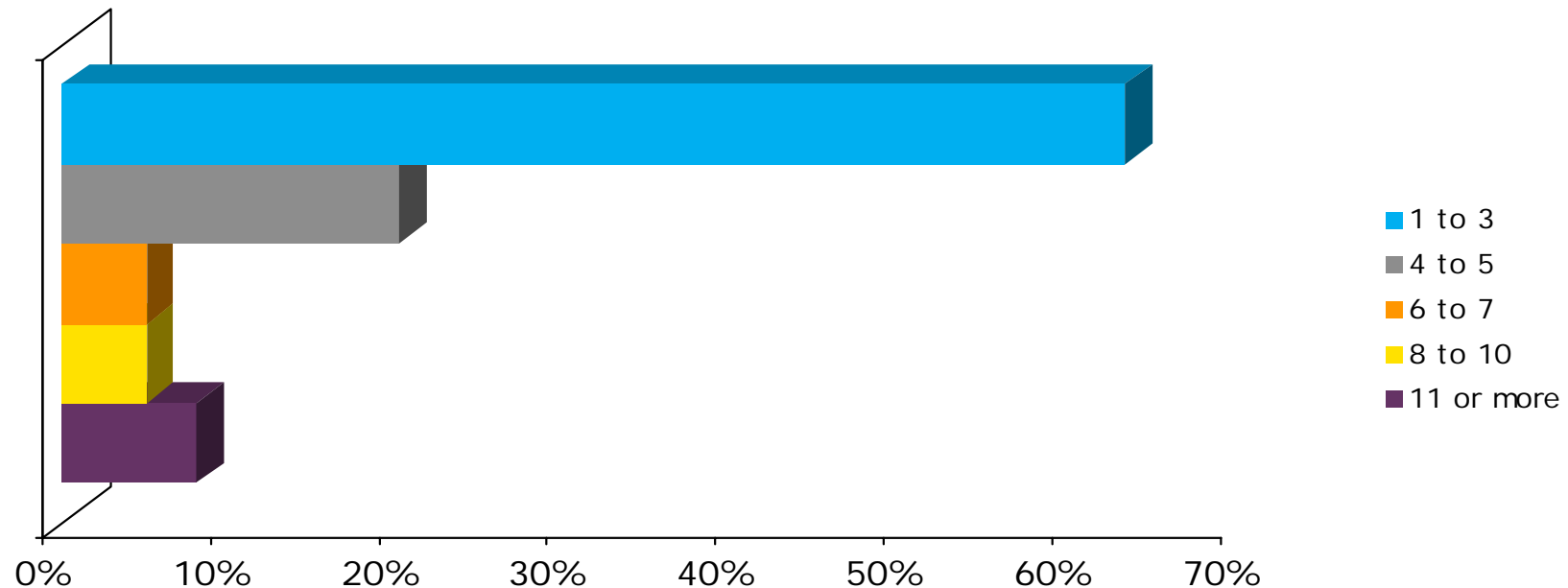
- **Trend:** was as high only in 2003, down in 2004-2006, back to highest levels
- **Opportunity:** >80% of customers have plans, or have trial deployments
- **Opportunity:** Data security, migration, protection, and DR are most mentioned
- **Opportunity:** the SAN (data center fabric) is the platform for new services

Implement a Solution for Migrating/Consolidating File Data



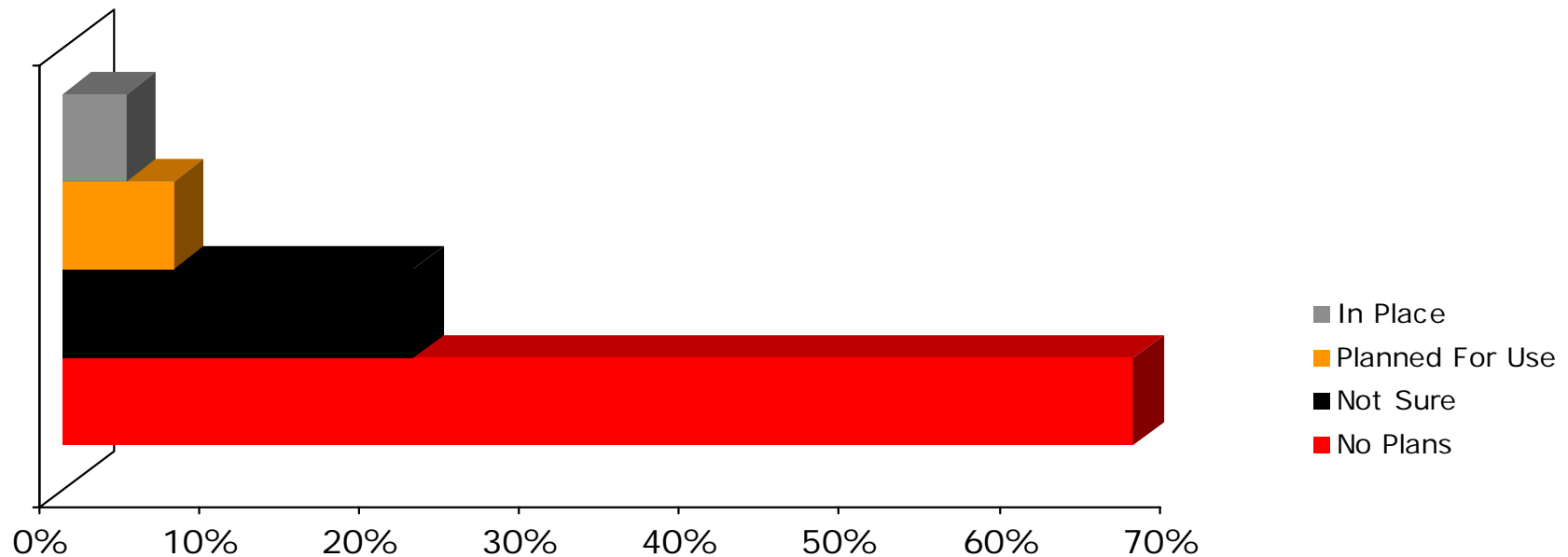
- **Trend:** 2 years of response; deployment numbers rose 10 pts year-year
- **Opportunity:** FAN expansion of initial (trial) deployments
- **Opportunity:** over 50% with strong plans for this in next 12 months

Number of Administrators that Manage and Maintain the Storage Environment



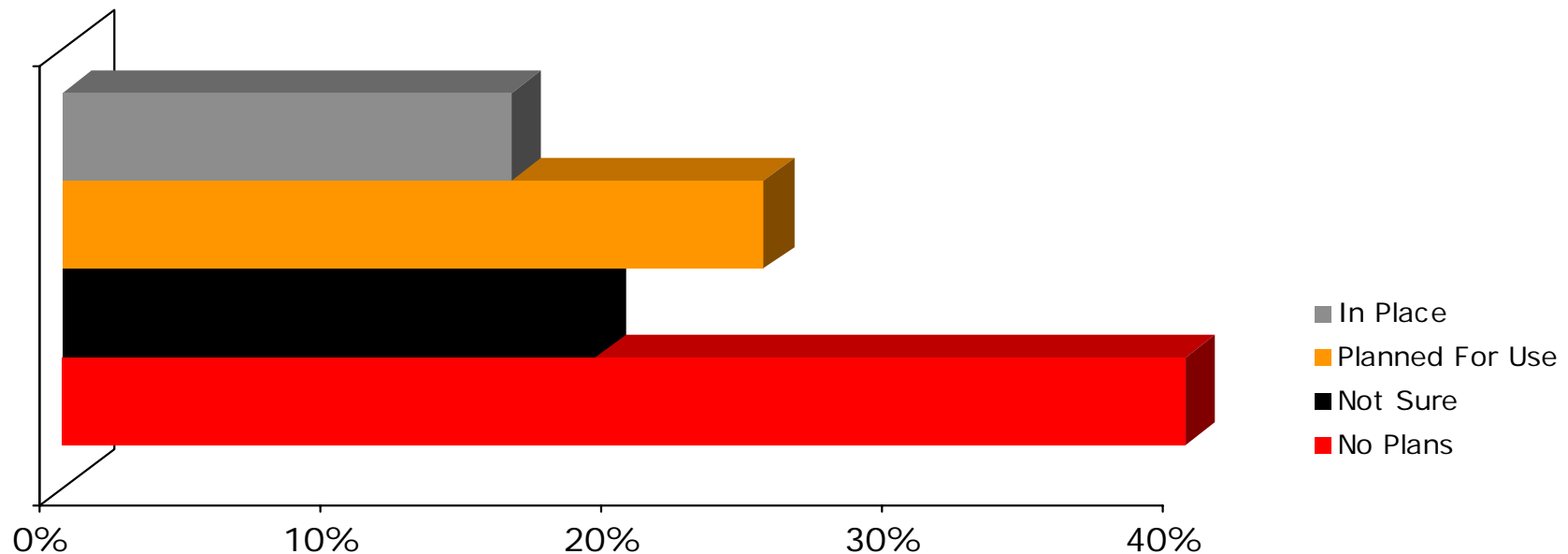
- **Trend:** Storage Admin to storage capacity ratio lowest ever
- **Opportunity:** Simplify via new tools and functionality (policy, automation)
- **Opportunity:** direct and supplemental support and services

Infiniband Adoption



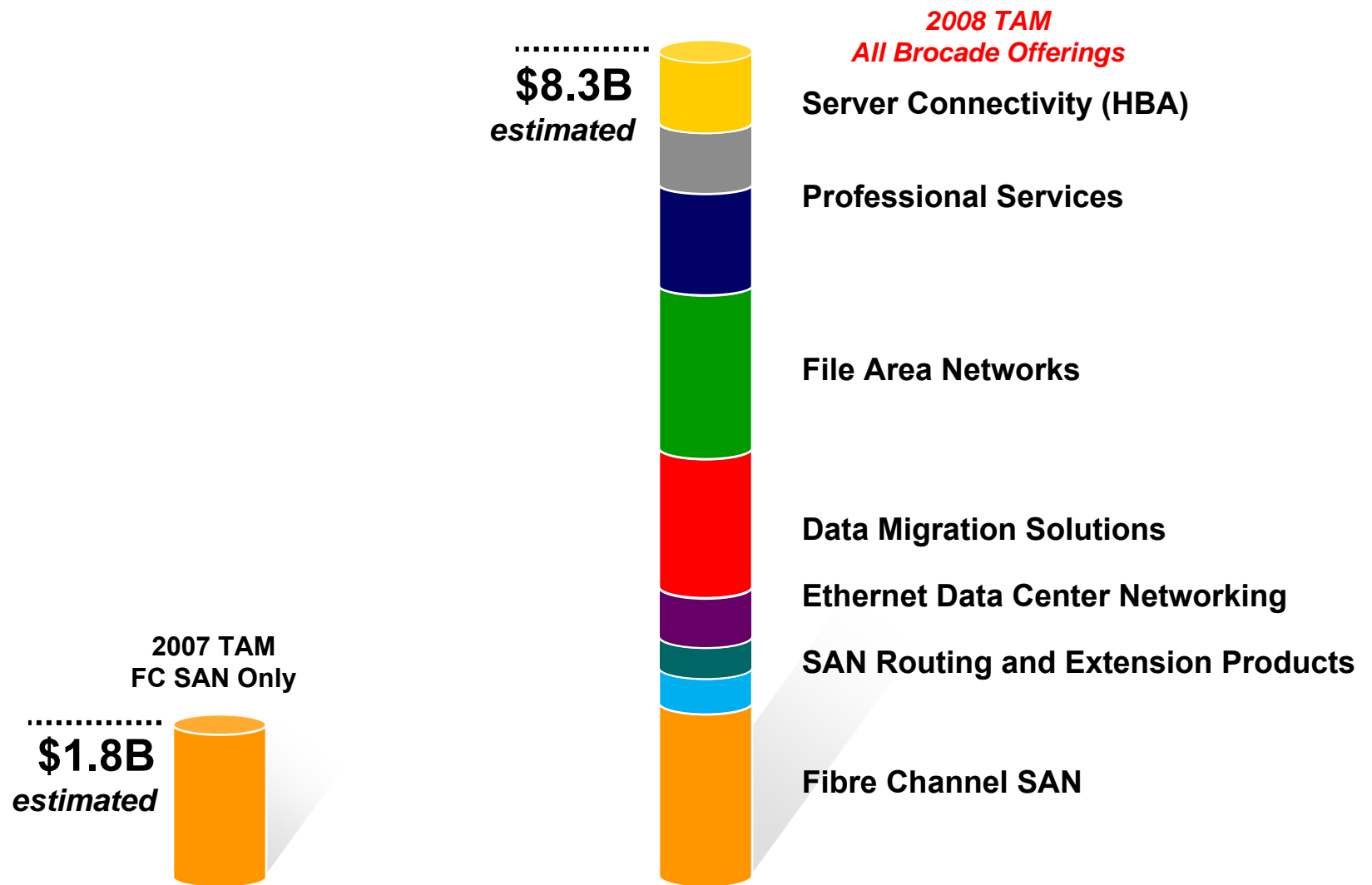
- **Trend:** Remains a niche segment, not broad-based data center

iSCSI Adoption



- **Trend:** Still narrow adoption
- **Opportunity:** Addition of higher performance (10GE), data center reliability, common tools, and compatibility with installed base (FCoE), may provide more pervasive option
- **Opportunity:** Advantage to the incumbent – investment protection/extension

We Are Committed to Drive New Solutions, TAM Expansion, Growth and Diversification



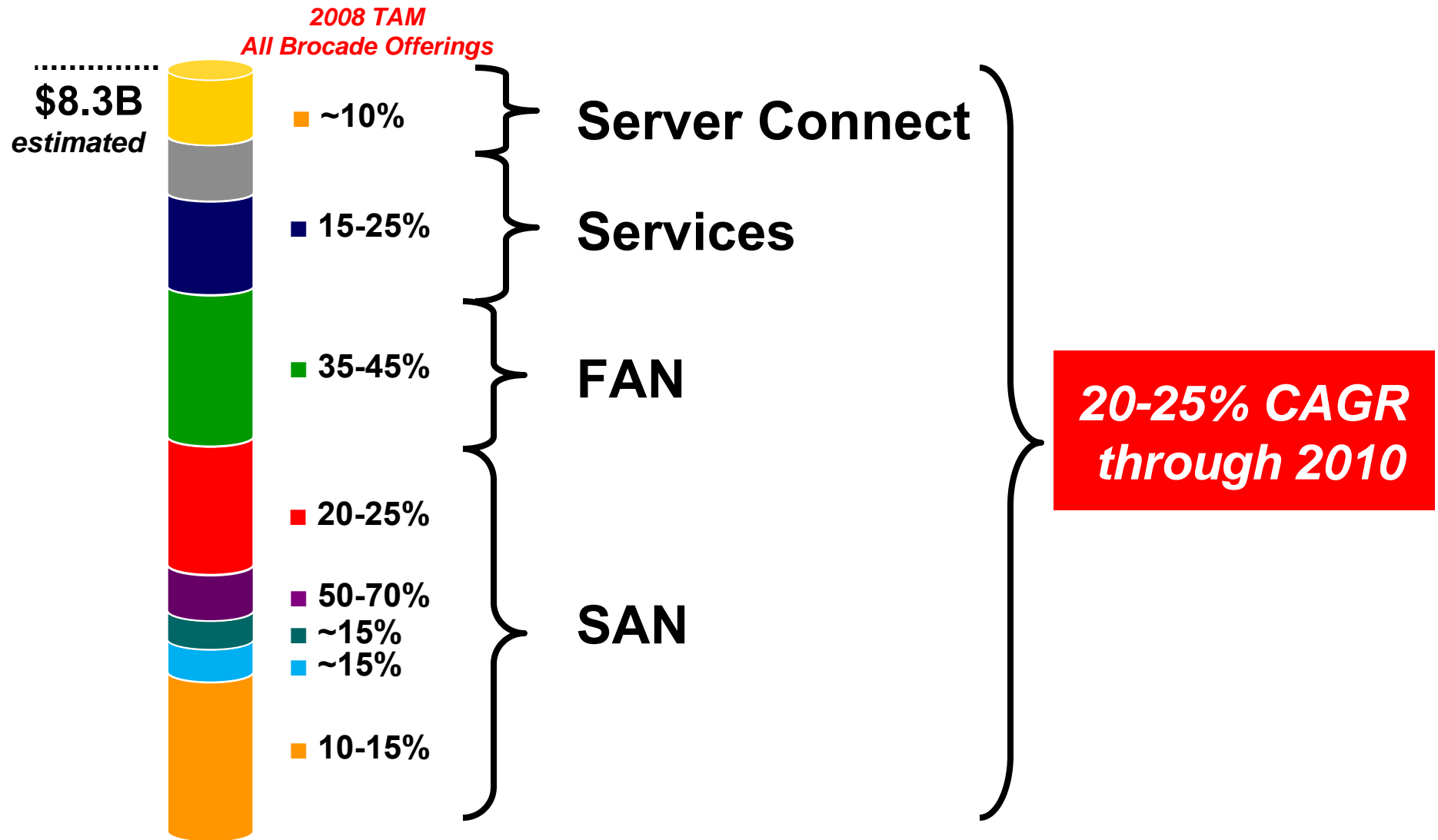
Source: Third party analyst estimates and Brocade analysis

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68



Growth by Segment



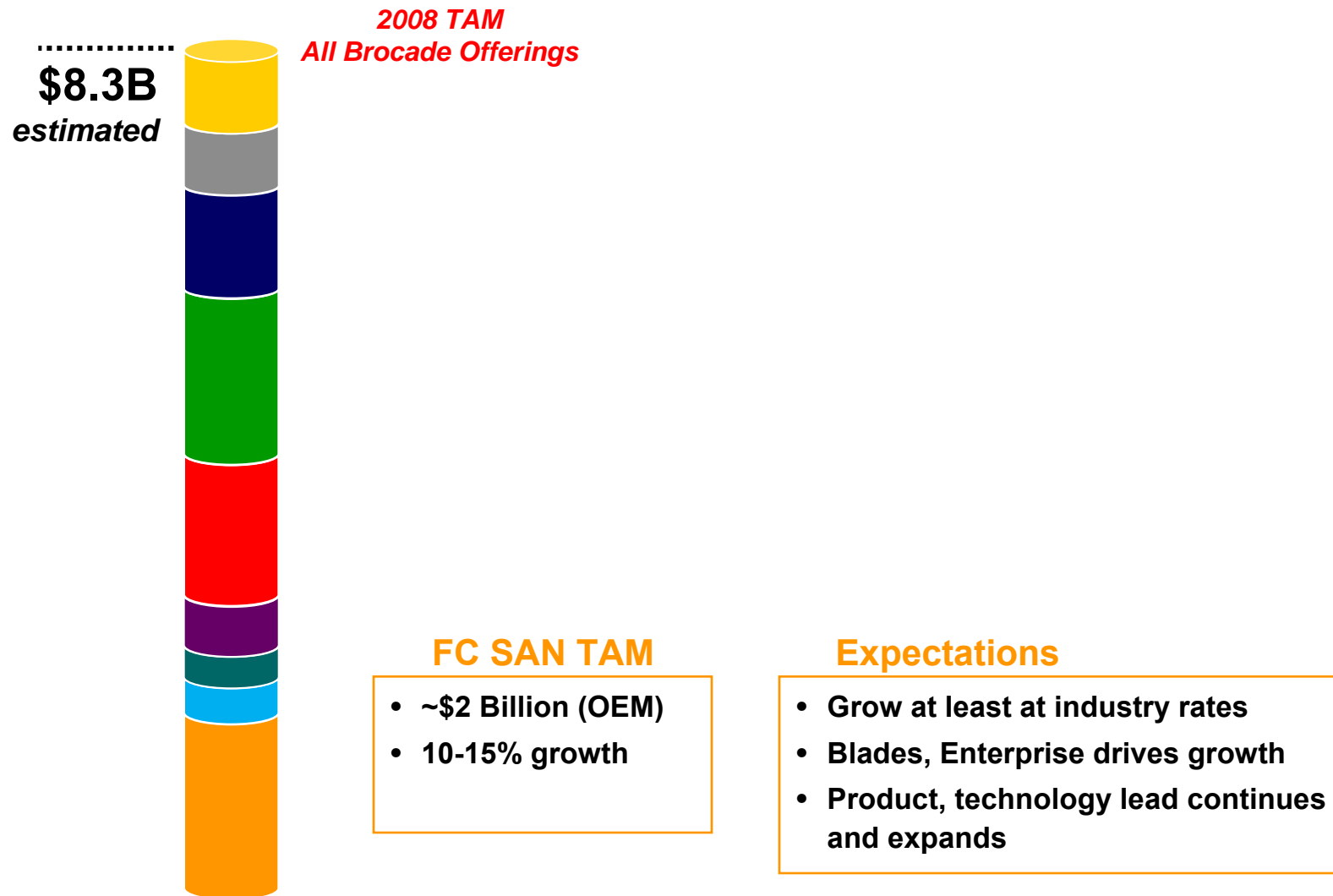
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69



Segment Highlights and Expectations



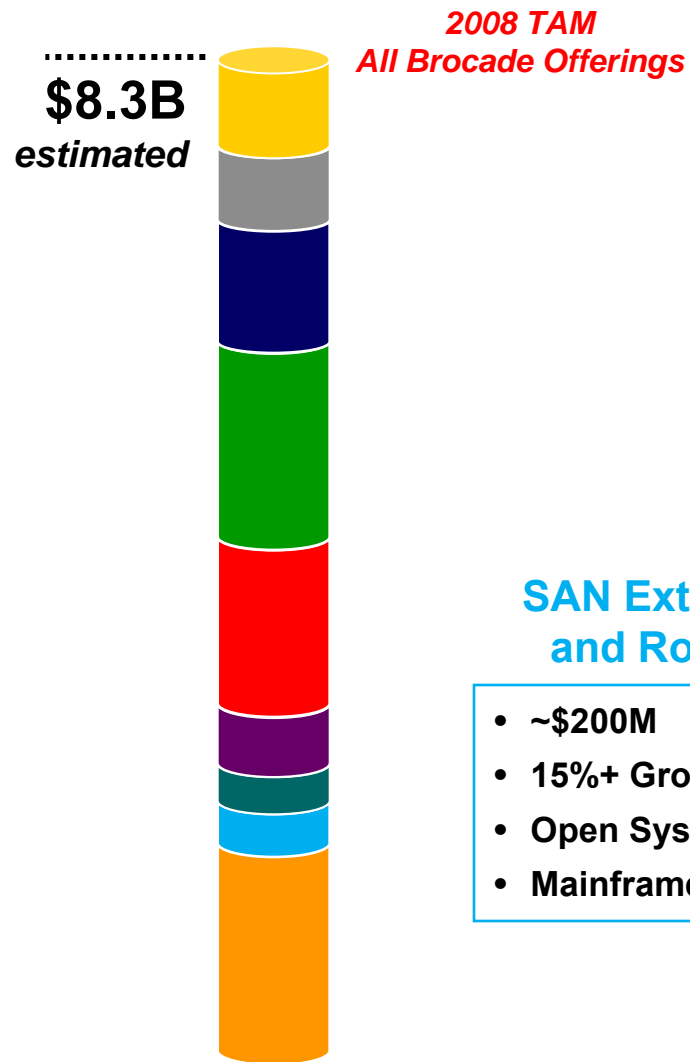
Source: Third party analyst estimates and Brocade analysis

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70



Segment Highlights and Expectations



SAN Extension and Routing

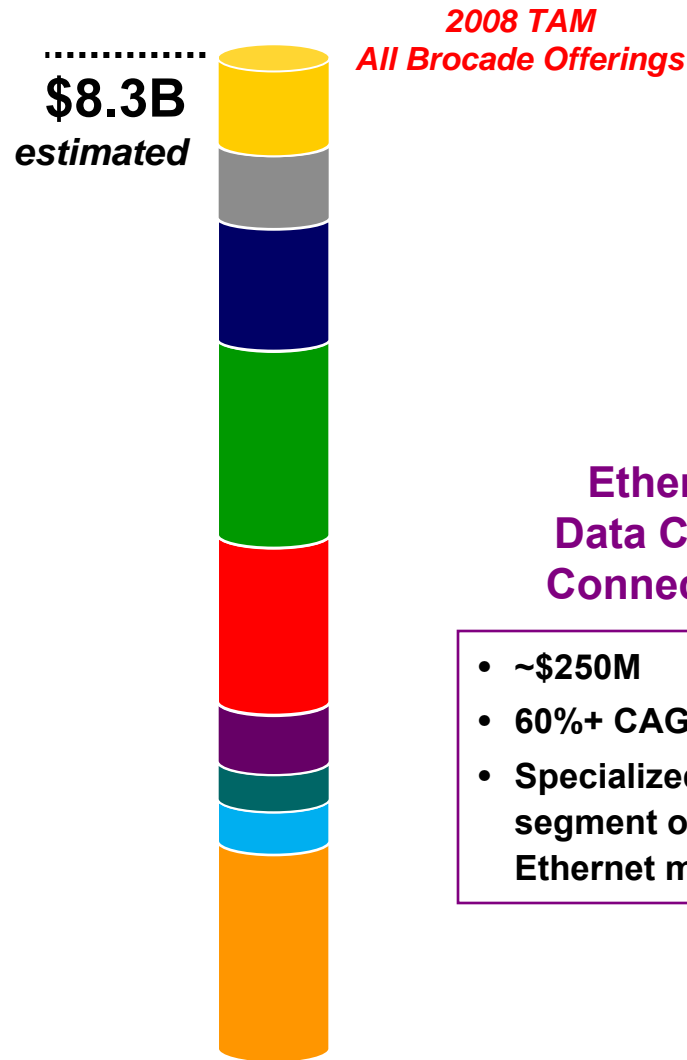
- ~\$200M
- 15%+ Growth
- Open Systems and Mainframe

Expectations

- Over 2x nearest competitor
- Growth at industry rates
- Opportunity as DR adoption broadens



Segment Highlights and Expectations



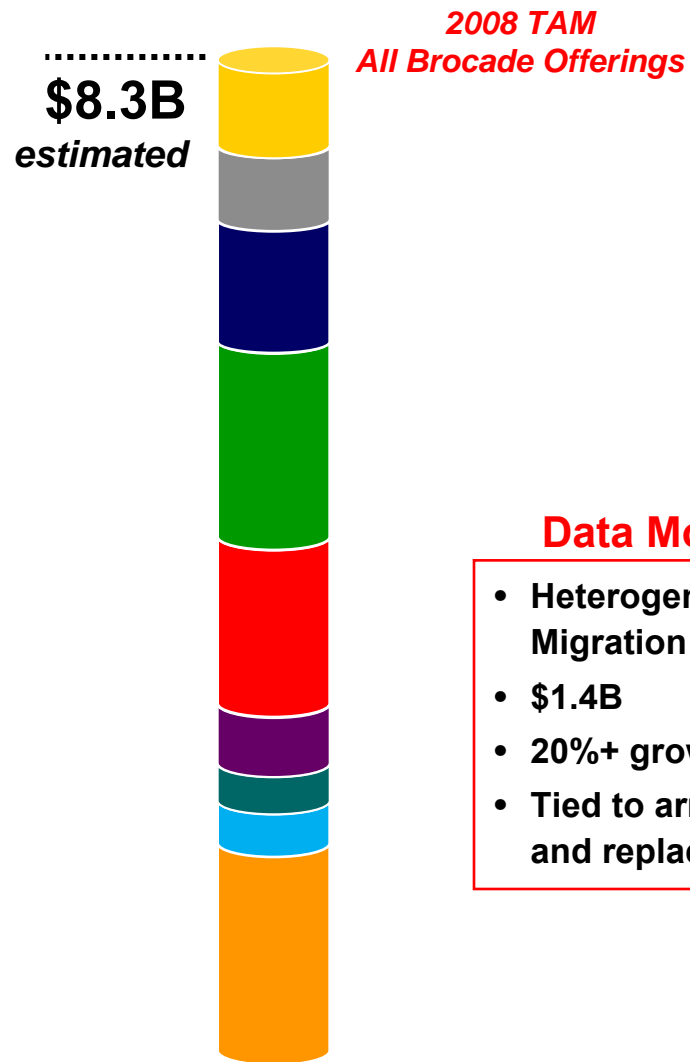
- ~\$250M
- 60%+ CAGR
- Specialized Data Center segment of overall Ethernet market

Expectations

- 10GE, FCoE will drive this segment
- Standard finalized 2008
- Products begin 2009-10
- Strong dynamic for Brocade (FC) installed base, and growth of “data center fabrics”



Segment Highlights and Expectations



Data Mobility

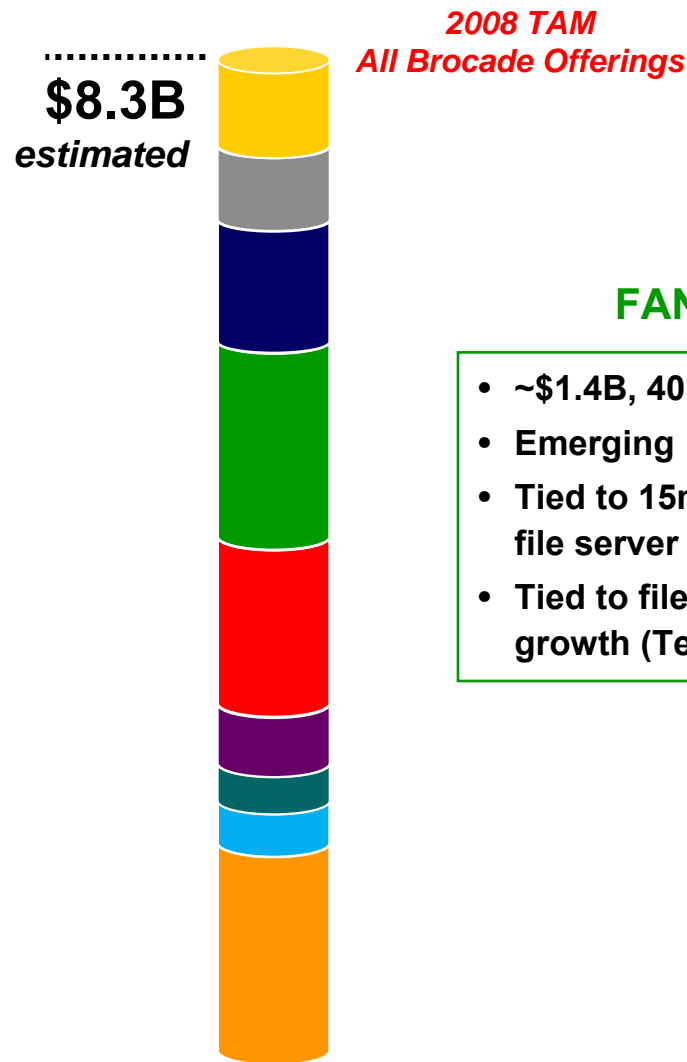
- Heterogeneous Data Migration
- \$1.4B
- 20%+ growth
- Tied to array adds and replacements

Expectations

- Pervasive activity and need
- New market entrants recently
- “Standard” data center fabric offering/option in 2009-2010



Segment Highlights and Expectations

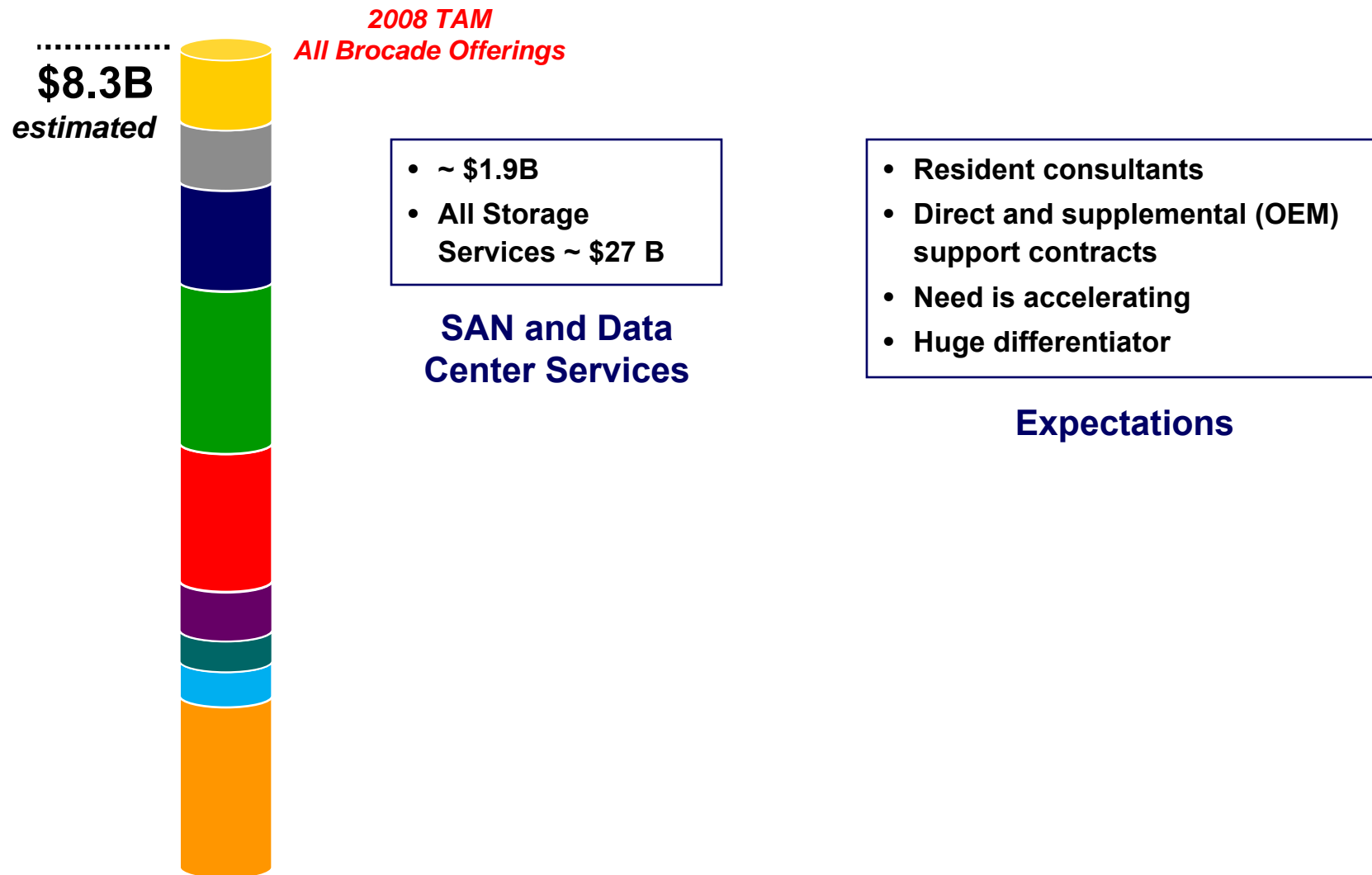


Expectations

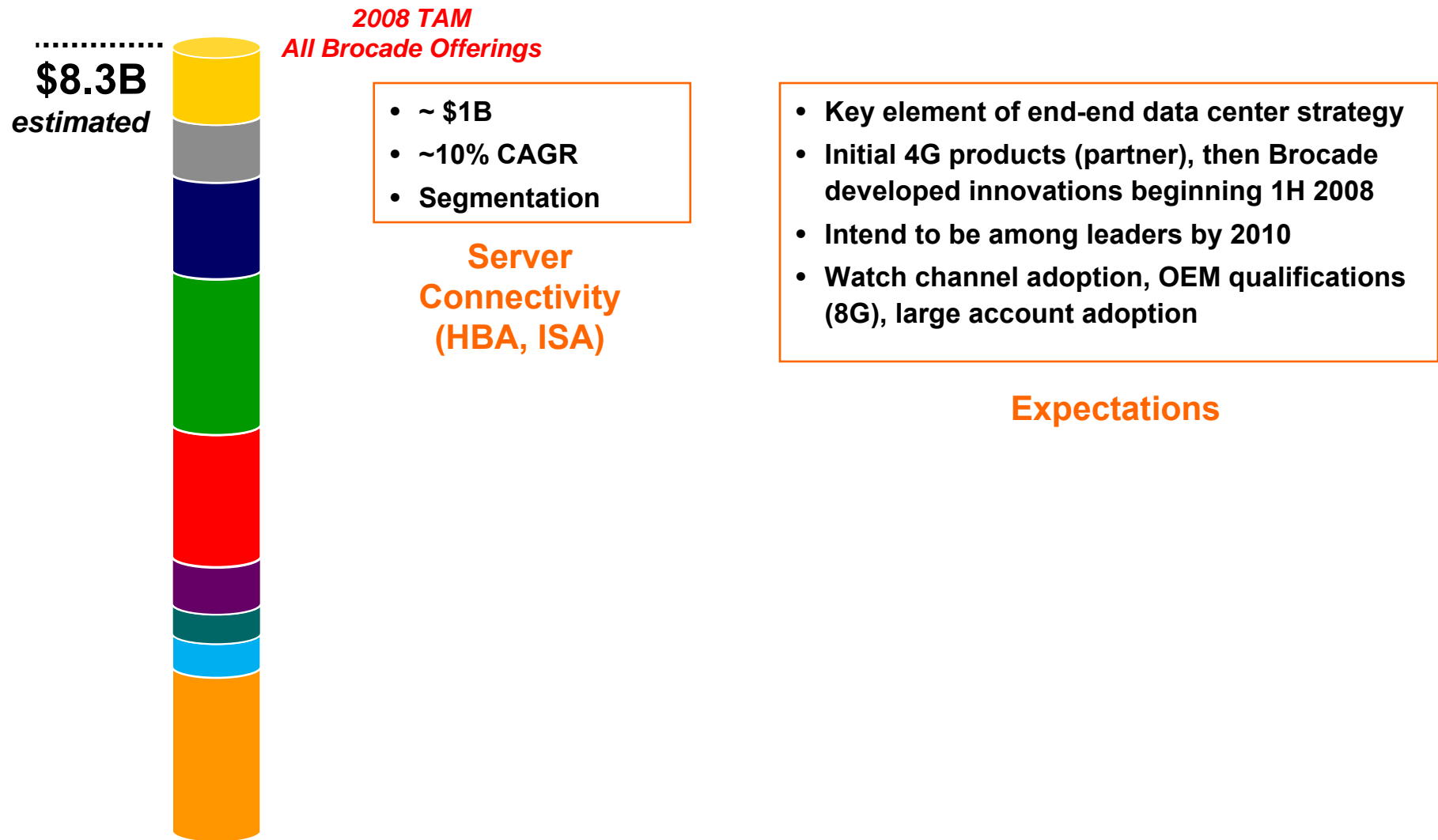
- Making a new market
- Added hundreds of new customers
- Greater segment validation (and dedicated customer budgets) in 2008
- EXPECT expanded product offering in 2008
- EXPECT 2 of Brocade's largest 4 OEMs to adopt and begin reselling in the next 30 days



Segment Highlights and Expectations



Segment Highlights and Expectations

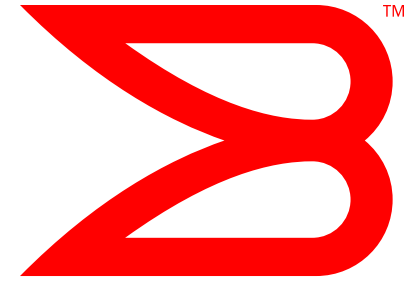


Key Points

- **Our strategy and initiatives are aligned to what our customers are asking for**
- **There continues to be strong growth dynamics across our target segments in the data center**



BROCADE



Financial Overview

Richard Deranleau
Chief Financial Officer

September 20, 2007

Agenda

- **Summary YTD (9 mos) FY07 Financial Review**
- **Cash Generation / Valuation**
- **FY08 Outlook**
- **LT Financial Model Update**

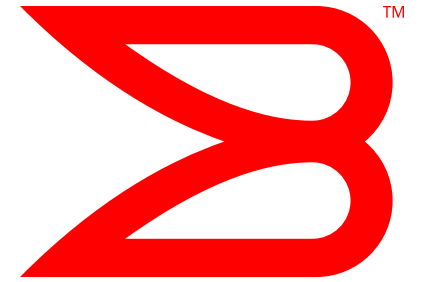


YTD FY07 Summary

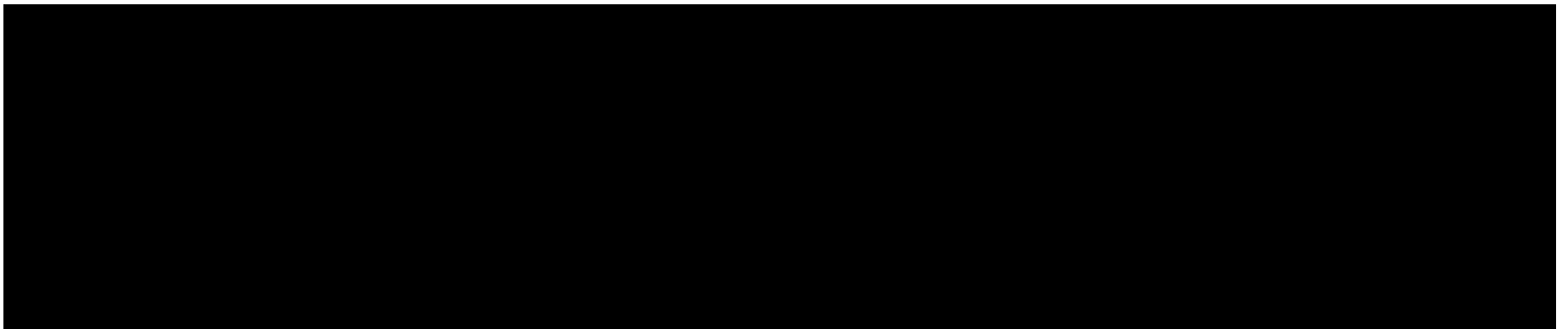
- ☒ **Top-line growth**
- ☒ **Strong margins and EPS**
- ☒ **Strong cash flows**
- ☒ **Strong balance sheet**
- ☒ **Strong execution on McDATA acquisition**
 - **Accretion, synergies and return to long-term model in two quarters**



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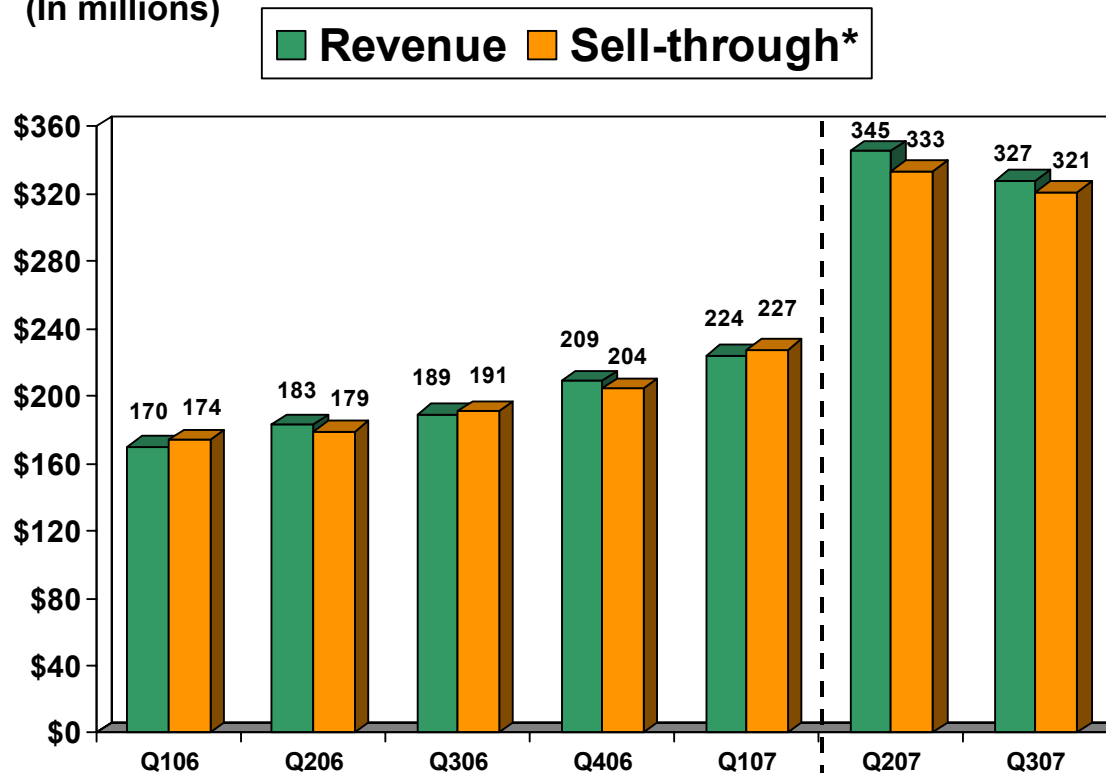


Income Statement



Trended Revenue and Sell-through*

(In millions)



YTD (9 mos) FY07 Highlights

- 65% revenue increase YTD
- Revenue mix YTD
 - 61% Domestic / 39% Intl
 - 84% OEM / 16% Channel
- Reminder – planned revenue reductions related to acquisition

FY07 Impact:

- Purchase accounting adjustment - \$17M**
- Low-margin, non-strategic 3rd party products - \$31M**

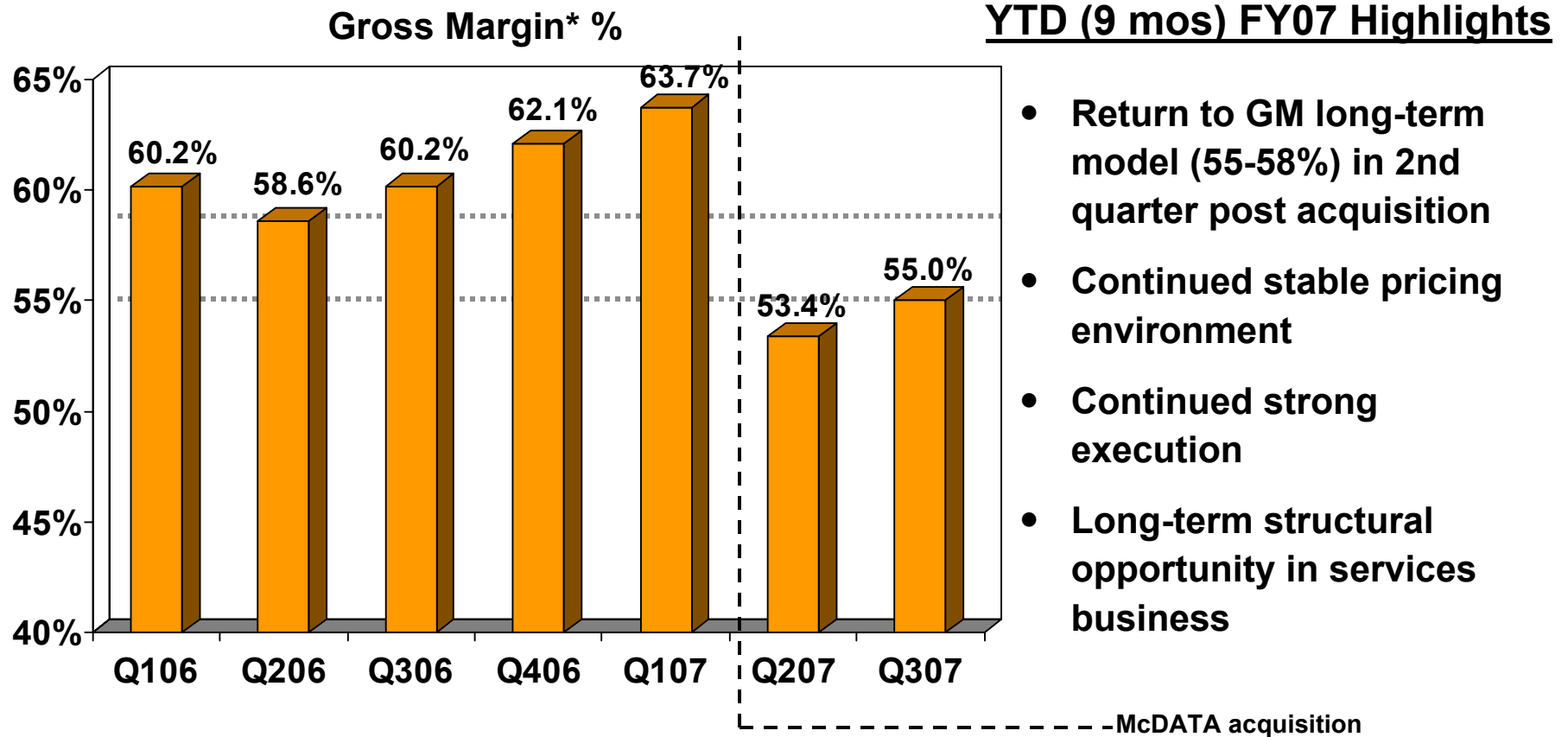
----- McDATA acquisition

* Non-GAAP measure

** Impact to FY2007



Trended Gross Margin*

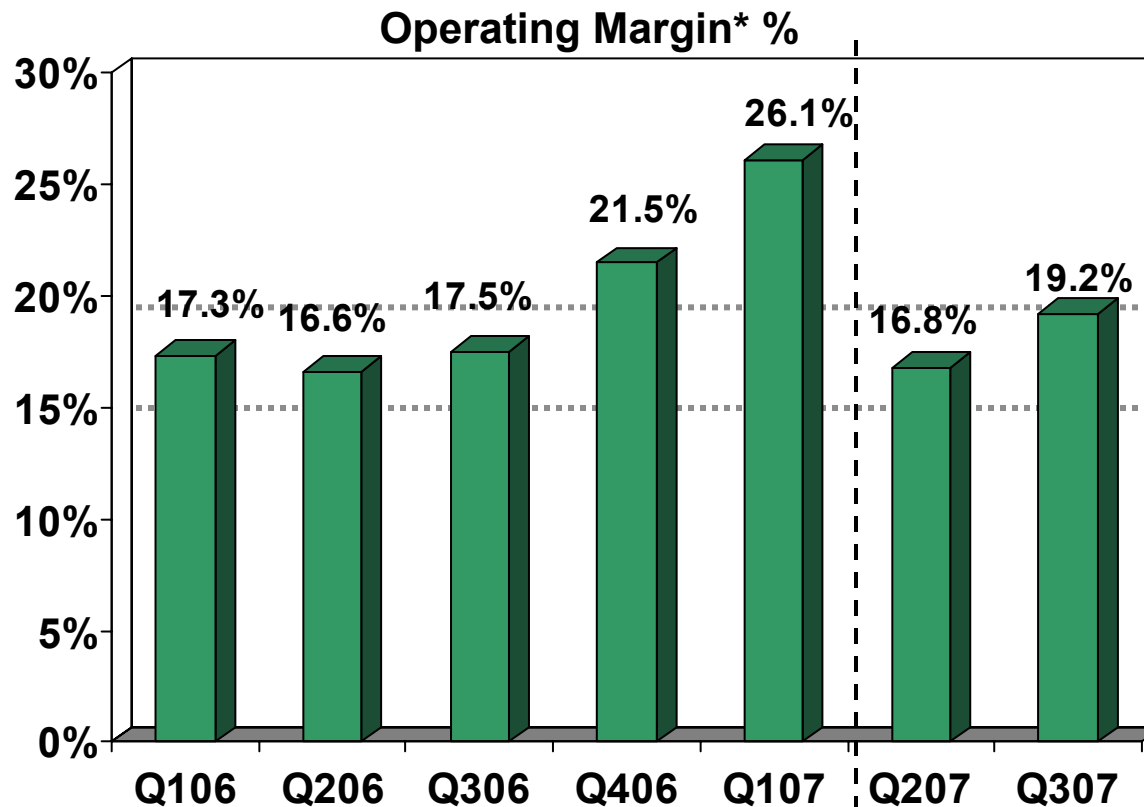


* Non GAAP measure



Trended Operating Margin*

YTD (9 mos) FY07 Highlights



- Rapid return to high end of operating model post acquisition
- Realized >>\$150M in annual expense synergies
- Continued strong management of expenses

-----McDATA acquisition

* Non-GAAP measure



P&L Year to Date Comparison

<i>(In millions)</i>	9 Mos FY07	9 Mos FY06	Change
Revenue	\$896.9	\$541.8	+65%
Gross margin*	\$507.5	\$323.3	+57%
Operating expense*	\$328.2	\$230.6	+42%
Operating income*	\$179.3	\$92.7	+93%
Operating margin*	20%	17%	+3 pts
Net income*	\$145.6	\$83.3	+75%
EPS (diluted)*	\$0.40	\$0.30	+33%

* Non-GAAP measure. See reconciliation of non-GAAP to GAAP results.

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85



P&L Year to Date Comparison

<i>(In millions)</i>	9 Mos FY07	9 Mos FY06	Change
Revenue	\$896.9	\$541.8	+65%
Gross margin*	\$477.5	\$323.3	+57%
Revenue Growth + GM and OpEx Improvements		EARNINGS	+10%
		GROWTH	+33%
Operating margin*	20%	17%	+3 pts
Net income*	\$145.6	\$83.3	+75%
EPS (diluted)*	\$0.40	\$0.30	+33%

* Non-GAAP measure. See reconciliation of non-GAAP to GAAP results.

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86



YTD FY07 Operating Expenses GAAP to Non-GAAP Reconciliation

(\$ thousands)

	<u>9 mos FY07</u>	<u>9 mos FY06</u>
Operating expenses on a GAAP basis	\$ 417,749	\$ 268,566
GAAP operating expense	46.6%	49.6%
<i>Adjustments:</i>		
Legal fees associated with indemnification obligations, and other related costs	(38,446)	
SEC investigation and other costs	---	(17,179)
Stock-based compensation expense included in research and development	(7,047)	(6,692)
Stock-based compensation expense included in sales and marketing	(5,521)	(4,631)
Stock-based compensation expense included in general and administrative	(2,736)	(2,223)
Amortization of intangible assets and deferred stock compensation	(16,810)	(2,904)
Facilities lease losses	---	(3,775)
Acquisition and Integration costs	<u>(19,051)</u>	<u>(585)</u>
Total operating income adjustments	<u>\$ (89,611)</u>	<u>\$ (37,989)</u>
Total operating expenses on a non-GAAP basis	\$ 328,138	\$ 230,577
Non-GAAP operating expense	36.6%	42.6%



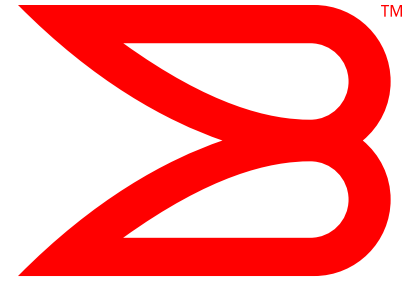
YTD FY07 Net Income GAAP to Non-GAAP Reconciliation

(\$ thousands)

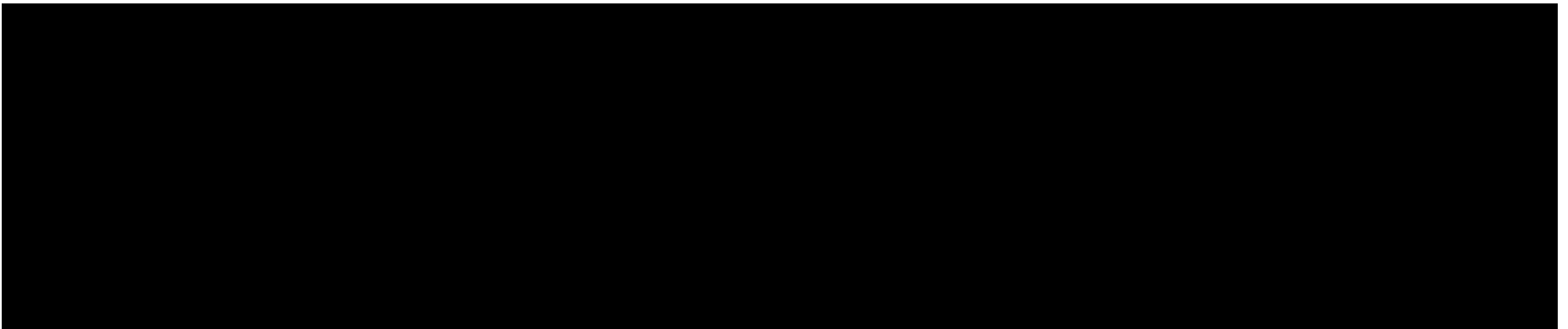
	<u>9 mos FY07</u>	<u>9 mos FY06</u>
Net income on a GAAP basis	\$44,852	\$47,671
GAAP EPS – basic	\$0.13	\$0.18
GAAP EPS – diluted	\$0.12	\$0.17
<i>Adjustments:</i>		
Stock based compensation expense included in cost of revenues	6,806	5,499
Amortization of intangible assets expense included in cost of revenues	<u>22,656</u>	<u>---</u>
Total gross margin adjustments	29,462	5,499
Total operating income adjustments	<u>89,611</u>	<u>37,989</u>
Gain on termination of swap	(367)	---
Gain on investments	(1,240)	(2,684)
Loss on sale of land	346	---
Income tax effect of adjustments	<u>\$ (17,119)</u>	<u>(5,145)</u>
Total adjustments	<u>\$ 100,692</u>	<u>\$35,659</u>
Non-GAAP net income	\$ 145,545	\$83,330
Non-GAAP EPS - Basic	\$0.41	\$0.31
Non-GAAP EPS – Diluted	\$0.40	\$0.30



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Balance Sheet



Balance Sheet Highlights Year to Year

<i>(In millions)</i>	Q3 07	Q3 06	Change
Cash & invest, net of debt	\$ 639.2	\$ 518.6	23%
Current assets	\$ 916.1	\$ 927.4	(1)%
Property, plant & equip, net	\$ 201.0	\$ 103.7	94%
Total assets	\$1,988.3	\$1,116.2	78%
Current liabilities	\$ 469.1	\$ 534.0	(12)%
Debt	\$ 167.0	\$ 278.9	(40)%
Stockholders' equity	\$1,286.6	\$ 569.9	126%
Total liabilities & equity	\$1,988.3	\$1,116.2	78%



Balance Sheet Highlights Year to Year

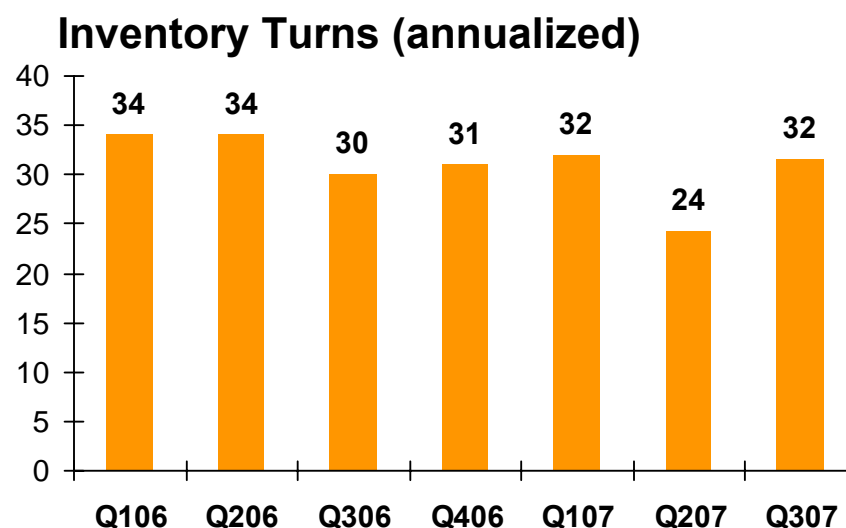
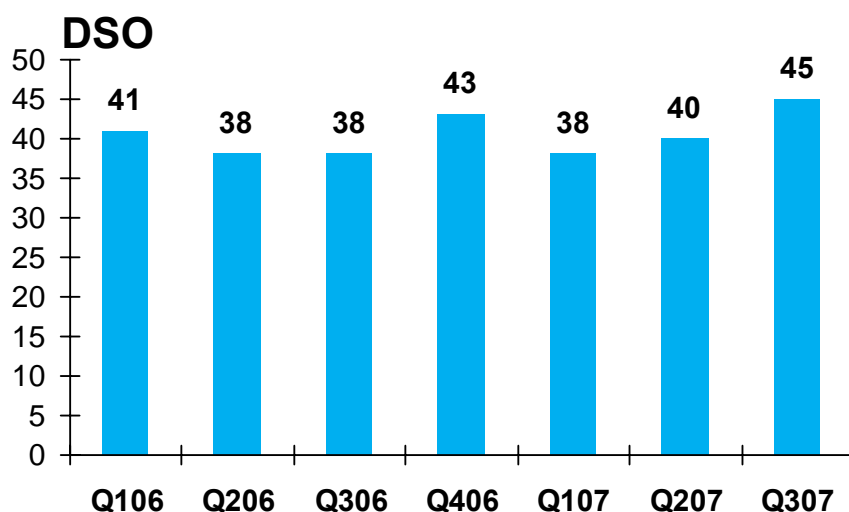
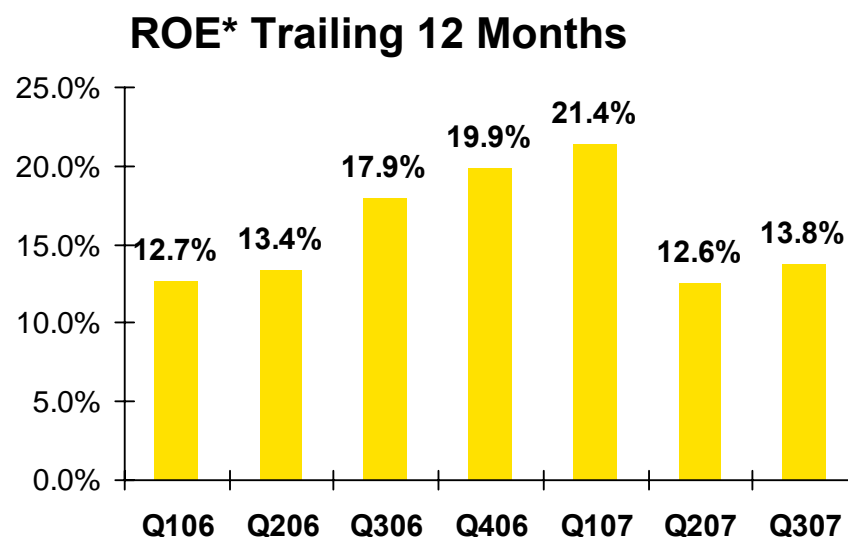
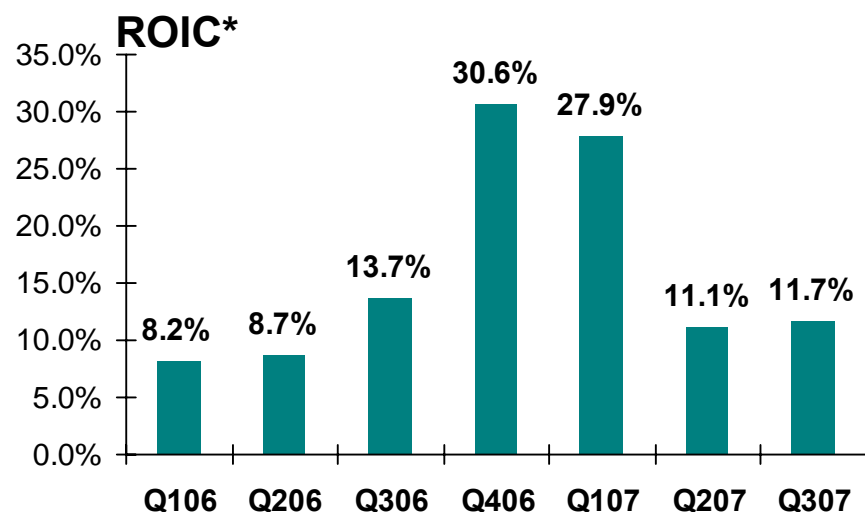
(In millions)	Q3 07	Q3 06	Change
Cash & invest, net of debt	\$ 639.2	\$ 518.6	23%
Current assets	\$ 916.1	\$ 927.4	(1)%
Prepaid expenses & receivables	\$ 103.7	\$ 103.7	0%
Total assets	\$1,116.2	\$1,116.2	78%
Current liabilities	\$ 534.0	\$ 534.0	(12)%
Debt	\$ 167.0	\$ 278.9	(40)%
Stockholders' equity	\$1,286.6	\$ 569.9	126%
Total liabilities & equity	\$1,988.3	\$1,116.2	78%

Strong Cash Flow + Debt Reduction

**STRONG
BALANCE
SHEET**



Additional Key Balance Sheet Metrics



* Non-GAAP measure



Performance vs. Valuation

	Q1 03	Q1 06	Q3 07
	Pre Operational Excellence	Significant Improvement	Post Acquisition - return to model
Revenue growth Y/Y	0%	5%	73%
Operating cash flow	\$8.6M	\$32.0M	\$36.3M
ROIC*	3.3%	8.2%	11.7%
ROE*	7.1%	12.7%	13.8%
BRCD stock price (following earnings report)	\$3.66	\$5.17	\$6.92
Net cash per share	\$1.44	\$1.87	\$1.57
P/E — based on last reported quarter (annualized)	N/A	13.6	11.8 (forward P/E)

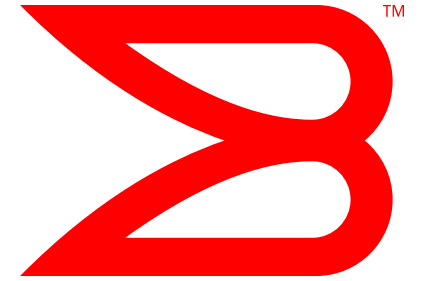
* Non-GAAP measure

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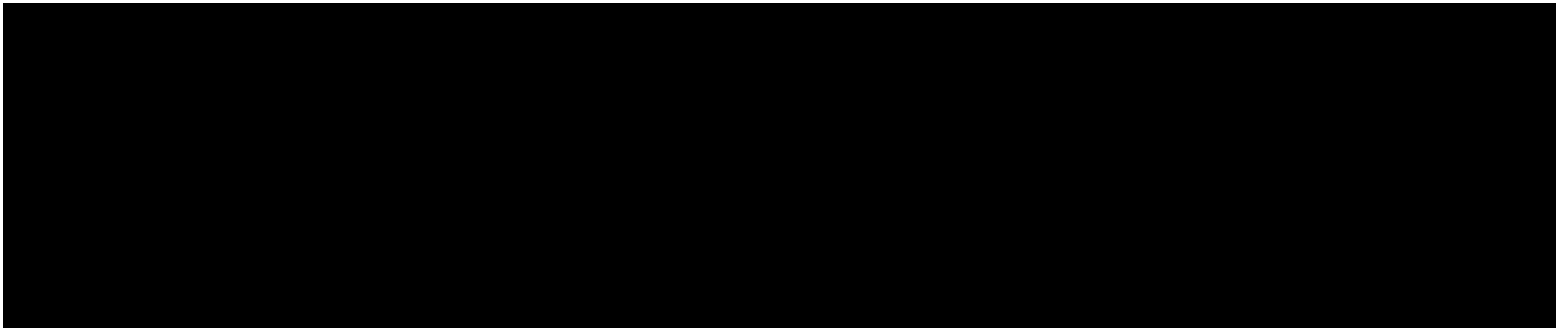
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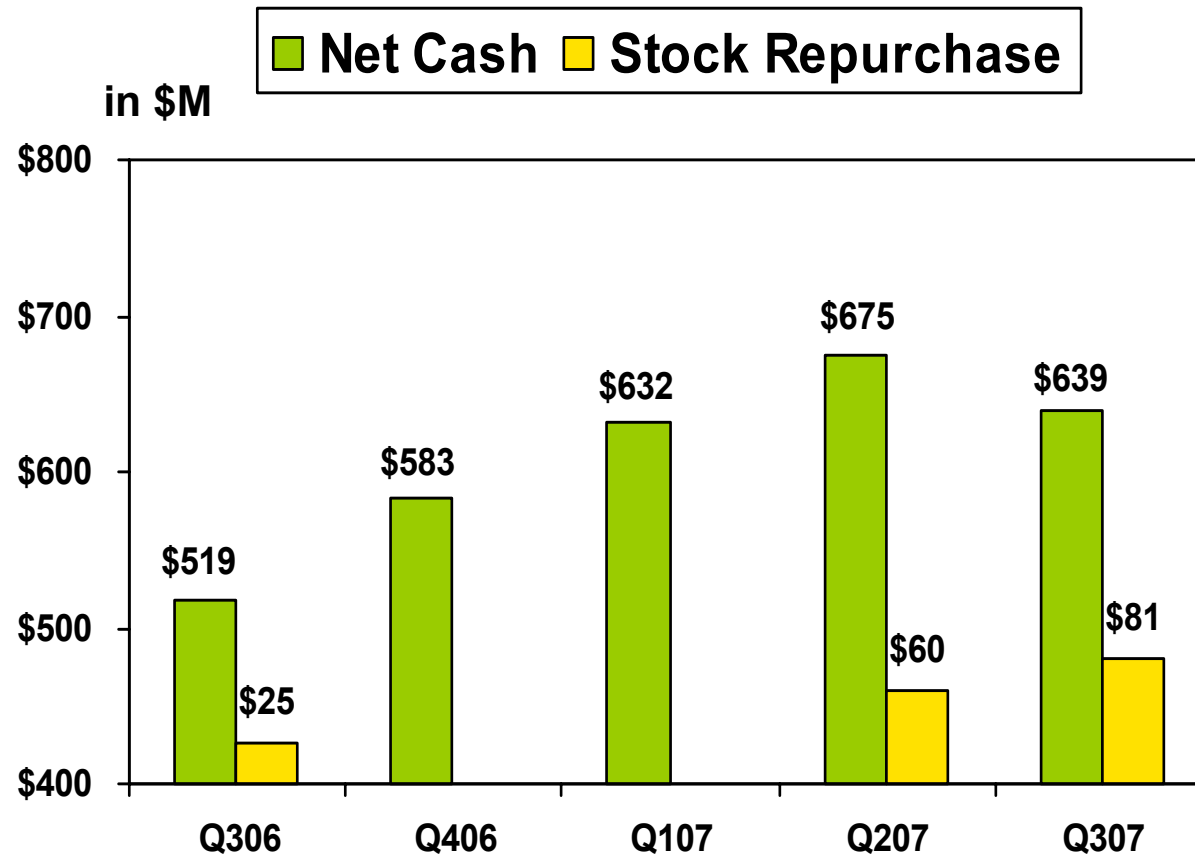
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Cash Generation and Related Valuation



Net Cash Position



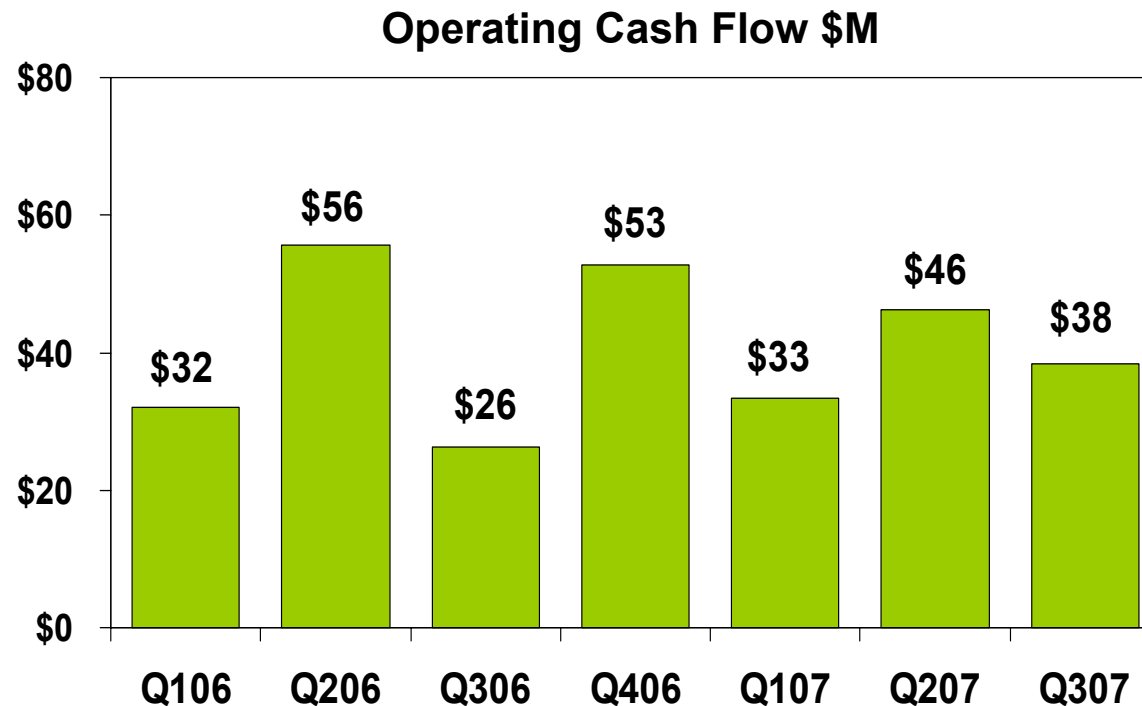
Summary

- **Priorities for Cash:**
 - Ongoing operations
 - Working capital
 - Acquisitions
 - Stock buy back
- **Repurchased \$141M in BRCD stock**
 - \$132.7M authorized remaining
 - 10b5-1 plan in place
 - Expect to buy back \$40-\$60M /qtr under 10b5-1 plan

* Net cash includes restricted short-term investments and is net of convertible subordinated debt.



Strong Operating Cash Flow



Generated \$116M in operating cash flow YTD FY07

Summary

- Operating Cash Flow Driven by:
 - Seasonality
 - Strong quarters: Q2 & Q4
 - Weaker quarters: Q1 & Q3
 - Efficient Working Capital Management
 - Inventory turns of 24-32
 - DSOs 38 to 45 days
 - Efficient use of capital equipment



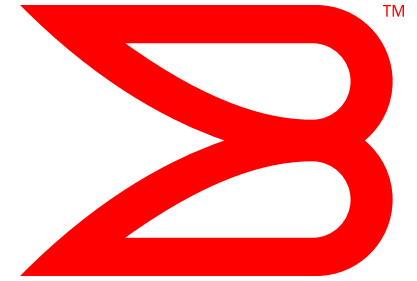
Seasonal Cash Flows from Operations

	<i>Q1/Q3</i>	<i>Q2/Q4</i>	<i>Annual</i>
Cash from Operations	\$30M - \$45M	\$45M - \$60M	\$150M - \$210M
Non-GAAP Cash Items* (Indemnification)	\$10M - \$15M	\$10M - \$15M	\$40M - \$60M
Total Non-GAAP Cash from Operations*	\$45M - \$55M	\$60M - \$70M	\$210M - \$250M
Less Capital Expenditures	\$12M - \$16M	\$12M - \$16M	\$48M - \$64M
= Non GAAP Free Cash Flow*	\$33M - \$39M	\$48M - \$54M	\$162M - \$186M

* Non-GAAP measure

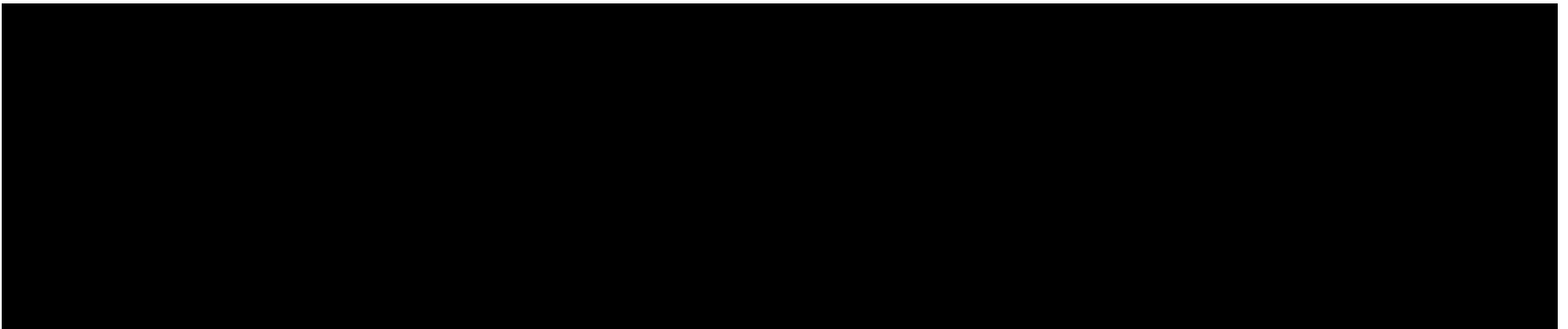


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Brocade Business Model

Fiscal 2008 Outlook



Financial Model Levers

*Segment and Product Mix**

	Current Mix*	Gross Margin	Operating Income	Future Growth Dynamic
SAN	80-85%			↑↑
Director	35-45% of SAN	—	—	↑↑
Switch	45-55% of SAN	↑	↑	↑
Embedded	5-10% of SAN	↑	↑	↑↑↑
Extension & Routers	<10% of SAN	↓	↓	↑
FAN	<5%	↑	↑	↑↑↑
Services	10-15%	↓	↓	↑↑
Server Connectivity	N/A	—	—	↑↑

* Range from trailing 12 months



FY08 Brocade Model

Full Year Financial Drivers and Assumptions

- **Base SAN connectivity business**
 - Healthy market – annual growth rates 10-15%
 - Expected to maintain share with 8Gb offerings
 - ASP declines in low-single digits per quarter, consistent with prior quarters
 - Seasonality: Softer Q2/Q3 vs Q4/Q1
- **Continued progress on FAN**
- **Sequential (quarterly) Services & Support growth of 3-6%**
- **Server Connectivity products ramp with introduction of HBA 8Gb**
- **Continued execution on expense management**
- **Expect to be in long-term financial model in FY08**
- **Tax Rate**
 - FIN 48 > potential volatility in GAAP and non-GAAP rates



FY08 Brocade Outlook

	Fiscal 2008
Revenue (16-19% growth Y/Y)	\$1.43 - \$1.47B
Gross margin*	57-59%
Operating expense*	37-38%
Operating margin*	19-22%
Other income (expense)	\$7.0-\$8.0M/qtr
Diluted EPS*	\$0.55 - \$0.60
Tax rate* (FIN 48 may drive volatility)	30%

Note: Increase to 30% tax rate shaves \$0.01-\$0.02 off EPS

* Non-GAAP estimates assume exclusions of the same category of items excluded from Q307 non-GAAP results

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101

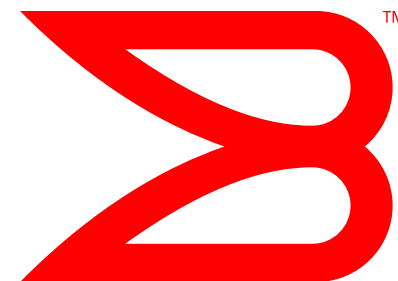


FY08 Outlook for Balance Sheet/Cash Flows

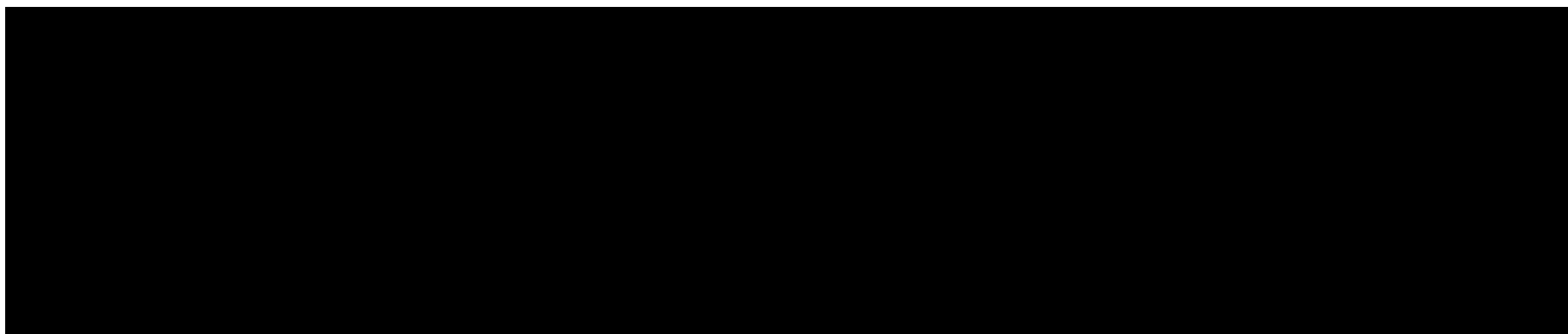
	Quarterly Ranges in Fiscal 2008
Capital Expenditures	\$12M - \$16M
Accts Rec. DSO	40 – 50 days
Inventory (net)	\$20M - \$25M
Cash from Operations	\$30M - \$60M
Share count	395 - 405M



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Long Term Financial Model Update



Revision to Long Term Financial Model Targets

	Prior Model	Change in Model	Revised Model
Gross Margin*	55-58%	2-2%	57-60%
Op Expense*	38-40%	0-(1)%	38-39%
Op Margin*	15-20%	3-2%	18-22%

* All numbers are based on non-GAAP Income Statements

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104



UPDATED Long Term Financial Model

(3-5 years) Current Status

	SAN	FAN	Server Connect	Services	Brocade TOTAL
TAM Growth Rate	10-15%	35-45%+	6-10%+	15-25%	18-23%
Percent of Revenue	~65-75%	~ 10%	~ 10%	~ 15%	100%
Gross Margin*	57-61%	65-70%	57-61%	38-45%	57-60%
Operating Expense*	38-40%	40-45%	38-40%	25-28%	38-39%
Operating Margin*	18-23%	20-25%	18-23%	13-18%	18-22%

* Non-GAAP estimates assume exclusions of the same category of items excluded from Q307 non-GAAP results

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105



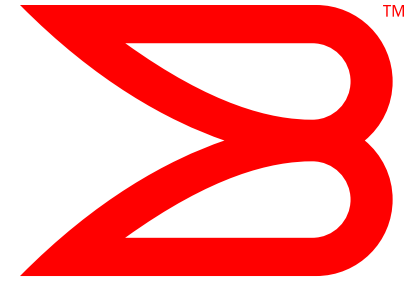
Brocade Valuation

- ✓ Continued top-line growth
- ✓ Leadership position in healthy markets
- ✓ Delivering strong margins and EPS
- ✓ Generating strong cash flow
- ✓ Strong balance sheet
- ✓ Proven ability to manage acquisitions

Significant unlocked value in Brocade stock



BROCADE



Executive Roundtable

Our Perspectives on your most Frequent Questions

Brocade Executive Team

September 20, 2007

1

Describe the (SAN) competitive situation

- **We continue to win and hold our leading share since the McDATA acquisition**
 - Strongest value proposition – cost, quality, innovation, risk minimization
 - Strong and broad OEM partnerships
 - It is very expensive and disruptive to change
- **Our products have sustained leadership in all segments**
- **We are poised to extend our technology leadership in 2008**
- **The competitive environment is fierce but is unchanged**
- **Pricing – remains benign**



2

What is the status of McDATA's installed base customers?

- **Strong customer retention since acquisition close**
 - Focused efforts to share vision, roadmap, value proposition to top accounts
 - Brocade has delivered on commitments (e.g. interoperability with 5000, blades, support)
- **Customers are focused on next generation data center needs**
 - Increase speed and agility
 - Reduce cost and minimize risk



3

The Top Line – Why Lower than Expected in 2H '07?

- **Remember, we made conscious choices (“No bad revenue”)**
 - Purchase accounting reduction ~\$17m (FY '07 impact)
 - Reduction of low-margin, 3rd party revenue ~\$31m (FY '07 impact)
- **We chose to foreshadow our next-gen products (beginning in February 2007) and roadmap to drive greater customer retention**
- **There have been mixed macro signals**



4

What do you believe is the real growth of the SAN market?

- **Most analysts' projections**
 - 10-15% per year revenue
 - Strong unit growth
- **Recently – mixed economy balanced by offsetting trends**
 - Continued data growth (to manage, protection, replication, backup)
 - Server virtualization
 - Consolidations to drive cost savings
 - Expectation of new technology cycle
- **Remember, look at overall SAN projections, not just Fibre channel (some analyst reports just refer to FC SANs, not including other protocol options)**



5

What is the future of Fibre Channel and how does that impact your growth prospects?

- **FC will continue to be dominant SAN protocol for many years**
 - Has stood the test of time due to its inherent storage benefits
 - Customers prefer to extend it, not replace it
 - Expected to be (by far) largest portion of SAN ports until at least 2012
- **iSCSI enjoys narrow (and small deployment) trials and adoption**
- **Fibre Channel over ethernet (FCoE) has potential to provide broad (and non-disruptive) extension to current FC SANs**



6

What is FCoE and is it going to be good or bad for you?

- What – Fibre Channel over Ethernet – it's FC over a different physical link – the operative protocol is FC, and the destination is FC
- Why – extends existing FC SANs with no disruption (investment protection) with a different connection choice
- Who – 28 companies, all of the leaders
- Standards evolving, Brocade authoring many of the specs
- Expect products beginning in '09-'10
- It is VERY good for Brocade
 - Focus on extending existing, installed SANs
 - It IS Fibre Channel protocol
 - It is additive to the installed base
 - Advantage to the FC incumbent





Your HBA initiative

Why, why now, how, and when?

- **Necessary technology innovation to support to support next-generation data center needs**
- **We will innovate beyond legacy HBAs**
 - E.g. performance, end-to-end management, security, QoS, virtualization, mobility
- **Multi-year, data center strategy, not short-term component strategy**
- **4G is partnership, 8G and beyond totally Brocade-developed**
- **Expectations:**
 - us to be active with OEMs and channel partners
 - us to develop a full product line
 - 8G in 1H FY08, revenue ramp in 2H FY08
 - margins (1) in line with the market, (2) in line with our model
- **Milestones to watch – distribution and development progress**



8

Server virtualization Good or bad for you?

- **Good, good, very good**
- **Virtualized servers have higher rate of SAN Connection**
 - ~8 server ports per 1 storage port in enterprise SANs
 - ~20% SAN connect for traditional servers
 - ~70%-90% SAN connect for virtualized servers
 - Newer servers more likely to be virtualized
- **Higher performance need**
 - Server virtualization in scale will require more SAN (bandwidth) capacity – a big need for 8G, where we will have TTM and performance leadership
- **Server consolidation drives additional opportunities**
 - Drives data center re-design and new SAN (data center fabric) opportunities
 - Server savings frees up budget for high-impact projects
 - \$1 of server virtualization SW drags \$3-\$5 of SAN spend

Do the math



9

Are storage companies the best indicators for your business? Any alternative proxies?

- **Data growth and regulations re: data protection and security**
 - Data center opportunity tied to overall data growth
 - FAN opportunity specifically linked to file data growth and management challenges
- **Server unit connectivity (driven by server virtualization)**
 - Server ports >> Storage ports on typical enterprise SAN
- **Data Center consolidation projects**
 - Server consolidation often the key driver
 - “Green” and space considerations





What moves are you going to make with your FAN strategy?

- **Still bullish – customer problems still there (and growing)**
- **We are building a new market here – 18 months in....**
 - Has been a year of customer education, trials and pilots
 - Customer attraction (100 new/qtr.) and interest (over 12,000 downloaded our recent FAN book) show promise
- **Believe it will become a more pervasive budget line item in 08-09**
- **Recent industry acquisitions helping to shape the market**
- **Expect us to broaden our product and solutions portfolio in 2008**
- **Expect us to re-focus our sales and channel efforts**
- **Expect 2 of our top 4 OEMs to announce reselling in next 30 days**



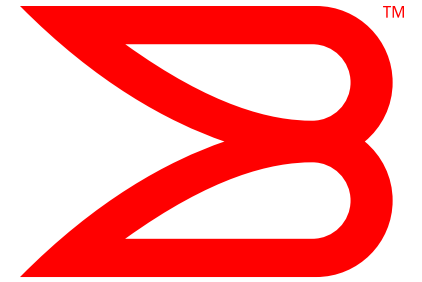
11

When can we expect to see your new converged platform in the market?

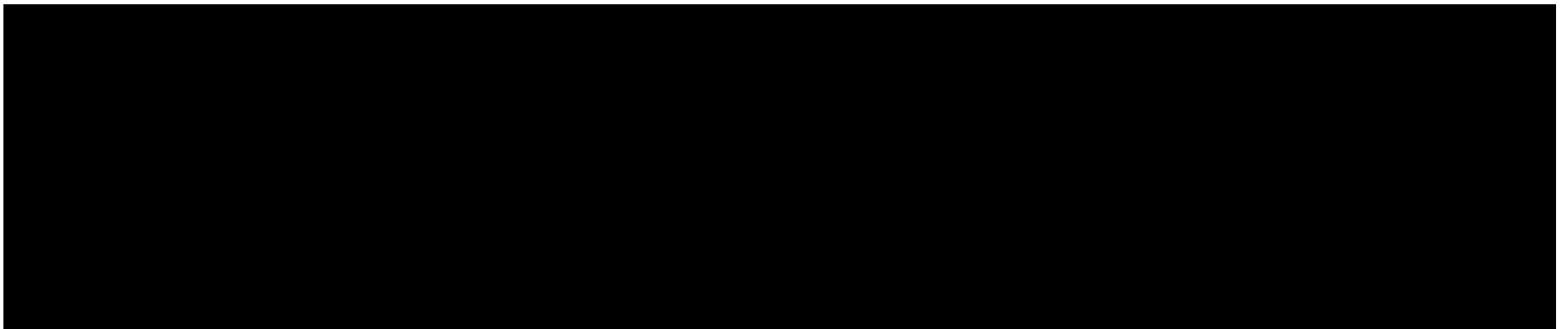
- There are several new “next-generation” data center products
- They are the beginning of a new architecture and family of data center offerings
- Specifically, regarding data center connectivity we will:
 - Further enhance the 48K director to accommodate 8GB speeds and classic (native) McDATA interoperability (1H FY '08)
 - Introduce our new, *higher-end*, converged data center network platform that will co-exist with the 48K (1H FY '08)
 - Continue to offer and support classic McDATA directors to those customers who prefer to continue to use them
 - Introduce the first of our next-generation Intelligent Server Adapters, with 8G technology, and other innovations (1H FY '08)



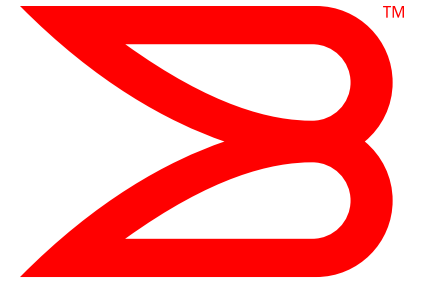
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Open Q&A



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Thank You

