

CISCO SYSTEMS, INC.

FORM S-8

(Securities Registration: Employee Benefit Plan)

Filed 03/25/11

Address	170 WEST TASMAN DR SAN JOSE, CA 95134-1706
Telephone	4085264000
CIK	0000858877
Symbol	CSCO
SIC Code	3576 - Computer Communications Equipment
Industry	Communications Equipment
Sector	Technology
Fiscal Year	07/28

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM S-8
REGISTRATION STATEMENT**
*UNDER
THE SECURITIES ACT OF 1933*

CISCO SYSTEMS, INC.
(Exact Name of Registrant as Specified in Its Charter)

California
(State or Other Jurisdiction of
Incorporation or Organization)

77-0059951
(I.R.S. Employer
Identification No.)

170 West Tasman Drive
San Jose, California 95134-1706
(Address of Principal Executive Offices) (Zip Code)

Options to purchase stock granted under the Inlet Technologies, Inc. Stock Option Plan and restricted stock units granted under the Inlet Technologies, Inc. 2011 Equity Incentive Plan, and assumed by the Registrant
(Full Title of the Plan)

John T. Chambers
Chairman and Chief Executive Officer
Cisco Systems, Inc.
300 East Tasman Drive
San Jose, California 95134-1706
(Name and Address of Agent For Service)

(408) 526-4000
(Telephone Number, including area code, of agent for service)

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
In respect of assumed stock options: Common Stock, \$0.001 par value per share (2)	600,237(2)	\$1.47(3)	\$882,348.39(3)	\$102.45(3)
In respect of assumed restricted stock units: Common Stock, \$0.001 par value per share (4)	151,852(4)	\$17.25(5)	\$2,619,447.00(5)	\$304.12(5)
TOTAL	752,089	N/A	\$3,501,795.39	\$406.57

(1) This Registration Statement shall also cover any additional shares of the Registrant's common stock that become issuable in respect of

the securities identified in the above table by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the Registrant's receipt of consideration which results in an increase in the number of the outstanding shares of the Registrant's common stock.

- (2) Represents shares subject to issuance upon the exercise of stock options outstanding under the Inlet Technologies, Inc. Stock Option Plan, and assumed by the Registrant on March 11, 2011 pursuant to an Agreement and Plan of Merger by and among the Registrant, a wholly owned subsidiary of the Registrant, Inlet Technologies, Inc. and the Stockholders' Agent, dated as of February 3, 2011 (the "Merger Agreement").
 - (3) Calculated solely for the purposes of this offering under Rule 457(h) of the Securities Act of 1933, as amended, on the basis of the weighted average exercise price of the outstanding options.
 - (4) Represents shares subject to issuance in connection with restricted stock units outstanding under the Inlet Technologies, Inc. 2011 Equity Incentive Plan and assumed by the Registrant on March 11, 2011 pursuant to the Merger Agreement.
 - (5) Calculated solely for the purposes of this offering under Rule 457(c) and (h) of the Securities Act of 1933, as amended, on the basis of the average of the high and low prices of the Registrant's common stock as reported on The NASDAQ Global Select Market on March 18, 2011.
-
-

Table of Contents

TABLE OF CONTENTS

PART II		
Item 3.	Incorporation of Documents by Reference	II-1
Item 4.	Description of Securities	II-1
Item 5.	Interests of Named Experts and Counsel	II-1
Item 6.	Indemnification of Directors and Officers	II-2
Item 7.	Exemption from Registration Claimed	II-2
Item 8.	Exhibits	II-2
Item 9.	Undertakings	II-3
SIGNATURES		
EXHIBIT INDEX		
EXHIBIT 5.1		
EXHIBIT 23.1		
EXHIBIT 99.1		
EXHIBIT 99.2		
EXHIBIT 99.3		
EXHIBIT 99.4		

PART II

Information Required in the Registration Statement

Item 3. Incorporation of Documents by Reference .

Cisco Systems, Inc. (the “Registrant”) hereby incorporates by reference into this Registration Statement the following documents previously filed with the Securities and Exchange Commission (the “Commission”):

- (a) The Registrant’s Annual Report on Form 10-K for the fiscal year ended July 31, 2010 filed with the Commission on September 21, 2010 pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- (b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Registrant’s Annual Report referred to in (a) above; and
- (c) The description of the Registrant’s Common Stock contained in the Registrant’s Registration Statement on Form 8-A (No. 000-18225) filed with the Commission on January 11, 1990, together with Amendment No. 1 on Form 8-A filed with the Commission on February 15, 1990, and including any other amendments or reports filed for the purpose of updating such description.

As previously reported, beginning in fiscal 2011, the Registrant reorganized its geographic segments. Pursuant to Commission guidance, the Registrant has recast in a Current Report on Form 8-K, filed on March 9, 2011, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements that are contained in its Annual Report on Form 10-K for the year ended July 31, 2010, to reflect this change in reportable segments. The revised “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Consolidated Financial Statements so contained in the Current Report on Form 8-K, which is incorporated by reference in this prospectus, supersede the corresponding sections of the Registrant’s Annual Report on Form 10-K for the year ended July 31, 2010.

All reports and definitive proxy or information statements filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the filing of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which de-registers all securities then remaining unsold shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing such documents, except as to specific sections of such statements as set forth therein. Unless expressly incorporated into this Registration Statement, a report furnished on Form 8-K prior or subsequent to the date hereof shall not be incorporated by reference into this Registration Statement. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement.

Item 4. Description of Securities .

Not applicable.

Item 5. Interests of Named Experts and Counsel .

As of the date of this Registration Statement, attorneys of Fenwick & West LLP beneficially own an aggregate of approximately 49,000 shares of the Registrant’s common stock.

Table of Contents

Item 6. Indemnification of Directors and Officers.

Section 317 of the California Corporations Code authorizes a court to award or a corporation's Board of Directors to grant indemnity to directors and officers in terms sufficiently broad to permit indemnification (including reimbursement of expenses incurred) under certain circumstances for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"). The Registrant's Restated Articles of Incorporation, as amended, and Amended and Restated Bylaws provide for indemnification of its directors, officers, employees and other agents to the maximum extent permitted by the California Corporations Code. In addition, the Registrant has entered into Indemnification Agreements with each of its directors and officers, and maintains directors' and officers' liability insurance under which its directors and officers are insured against loss (as defined in the policy) as a result of certain claims brought against them in such capacities.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.1	Restated Articles of Incorporation of Cisco Systems, Inc., as currently in effect.	S-3	333-56004	4.1	February 21, 2001	
4.2	Amended and Restated Bylaws of Cisco Systems, Inc., as currently in effect.	8-K	000-18225	3.1	March 23, 2007	
5.1	Opinion and Consent of Fenwick & West LLP.					X
23.1	Consent of Independent Registered Public Accounting Firm.					X
23.2	Consent of Fenwick & West LLP (contained in Exhibit 5.1).					X
24	Power of Attorney (incorporated by reference to Page II-4 of this Registration Statement).					X
99.1	Inlet Technologies, Inc. Stock Option Plan, as amended and restated.					X
99.2	Inlet Technologies, Inc. 2011 Equity Incentive Plan.					X
99.3	Forms of Cisco Systems, Inc. Stock Option Assumption Agreement.					X
99.4	Form of Cisco Systems, Inc. Restricted Stock Unit Assumption Agreement.					X

Table of Contents

Item 9. Undertakings .

A. The undersigned Registrant hereby undertakes: (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act; (ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement — notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective Registration Statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that clauses (1)(i) and (1)(ii) shall not apply if the information required to be included in a post-effective amendment by those clauses is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement; (2) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and (3) to remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant’s annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference into this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the indemnification provisions summarized in Item 6, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, State of California, on March 24, 2011.

Cisco Systems, Inc.

By: /s/ John T. Chambers
John T. Chambers,
Chairman and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned officers and directors of Cisco Systems, Inc., a California corporation, do hereby constitute and appoint John T. Chambers, Chairman and Chief Executive Officer, Frank A. Calderoni, Executive Vice President and Chief Financial Officer, and Mark Chandler, Senior Vice President, Legal Services, General Counsel and Secretary, and each of them, the lawful attorneys-in-fact and agents with full power and authority to do any and all acts and things and to execute any and all instruments which said attorneys and agents, and any one of them, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to this Registration Statement, to any and all amendments, both pre-effective and post-effective, and supplements to this Registration Statement, and to any and all instruments or documents filed as part of or in conjunction with this Registration Statement or amendments or supplements thereof, and each of the undersigned hereby ratifies and confirms that all said attorneys and agents, or any one of them, shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts. This Power of Attorney is not granted by any individual who executes this document in the State of New York, and no existing powers of attorney are revoked hereby.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John T. Chambers</u> John T. Chambers	Chairman and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ Frank A. Calderoni</u> Frank A. Calderoni	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 24, 2011
<u>/s/ Prat S. Bhatt</u> Prat S. Bhatt	Vice President and Corporate Controller (Principal Accounting Officer)	March 24, 2011

Table of Contents

<u>/s/ Carol A. Bartz</u> Carol A. Bartz	Lead Independent Director	March 24, 2011
<u>/s/ M. Michele Burns</u> M. Michele Burns	Director	March 24, 2011
<u>/s/ Michael D. Capellas</u> Michael D. Capellas	Director	March 24, 2011
<u>/s/ Larry R. Carter</u> Larry R. Carter	Director	March 24, 2011
<u>/s/ Brian L. Halla</u> Brian L. Halla	Director	March 24, 2011
<u>/s/ John L. Hennessy</u> Dr. John L. Hennessy	Director	March 24, 2011
<u>/s/ Richard M. Kovacevich</u> Richard M. Kovacevich	Director	March 24, 2011
<u>/s/ Roderick C. McGeary</u> Roderick C. McGeary	Director	March 24, 2011
<u>/s/ Michael K. Powell</u> Michael K. Powell	Director	March 24, 2011
<u>/s/ Arun Sarin</u> Arun Sarin	Director	March 24, 2011
<u>/s/ Steven M. West</u> Steven M. West	Director	March 24, 2011
<u>/s/ Jerry Yang</u> Jerry Yang	Director	March 24, 2011

Table of Contents

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
4.1	Restated Articles of Incorporation of Cisco Systems, Inc., as currently in effect.	S-3	333-56004	4.1	February 21, 2001	
4.2	Amended and Restated Bylaws of Cisco Systems, Inc., as currently in effect.	8-K	000-18225	3.1	March 23, 2007	
5.1	Opinion and Consent of Fenwick & West LLP .					X
23.1	Consent of Independent Registered Public Accounting Firm.					X
23.2	Consent of Fenwick & West LLP (contained in Exhibit 5.1).					X
24	Power of Attorney (incorporated by reference to Page II-4 of this Registration Statement).					X
99.1	Inlet Technologies, Inc. Stock Option Plan, as amended and restated.					X
99.2	Inlet Technologies, Inc. 2011 Equity Incentive Plan.					X
99.3	Forms of Cisco Systems, Inc. Stock Option Assumption Agreement.					X
99.4	Form of Cisco Systems, Inc. Restricted Stock Unit Assumption Agreement.					X

March 24, 2011

Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706

Dear Gentlemen/Ladies:

At your request, we have examined the Registration Statement on Form S-8 (the “**Registration Statement**”) to be filed by Cisco Systems, Inc., a California corporation (“**Cisco**” or the “**Company**”), with the Securities and Exchange Commission (the “**Commission**”) on or about March 24, 2011 in connection with the registration under the Securities Act of 1933, as amended, of an aggregate of 752,089 shares of Cisco’s Common Stock (the “**Shares**”) subject to issuance by Cisco upon exercise of stock options (the “**Options**”) granted under the Inlet Technologies, Inc. 2003 Stock Option Plan, as amended, and the settlement of Restricted Stock Units (“**RSUs**”) granted under the Inlet Technologies, Inc. 2011 Equity Incentive Plan (collectively, the “**Plans**”) and assumed by Cisco in accordance with the terms of an Agreement and Plan of Merger, dated as of February 3, 2011 by and among Cisco, Infinity Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Cisco, Inlet Technologies, Inc., a Delaware corporation and the Stockholders’ Agent (the “**Merger Agreement**”). In rendering this opinion, we have examined such matters of fact as we have deemed necessary in order to render the opinion set forth herein, which included examination of the following:

- (1) the Company’s Restated Articles of Incorporation, certified by the California Secretary of State on March 4, 2011;
- (2) the Company’s Amended and Restated Bylaws, as filed with the Securities and Exchange Commission as an exhibit to the Form 8-K filed March 23, 2007;
- (3) the Registration Statement, together with the Exhibits filed as a part thereof or incorporated therein by reference;
- (4) the Prospectus prepared in connection with the Registration Statement;
- (5) resolutions that a representative of the Company has represented to us were adopted at a meeting of the Compensation and Management Development Committee of the Company’s Board of Directors on February 18, 2011, furnished to us by the Company;
- (6) the stock records that the Company has provided to us (consisting of (i) a report from the Company’s transfer agent as of March 23, 2011 and (ii) a summary report from the Company as of March 23, 2011 of outstanding options to purchase the Company’s capital stock and stock reserved for issuance upon the exercise of options to be granted in the future);

-
- (7) the Merger Agreement and all exhibits thereto, as well as the Certificate of Merger filed with the Delaware Secretary of State on March 11, 2011;
 - (8) the Plans, and their respective forms of agreements thereunder; and
 - (9) the forms of Cisco's Stock Option Assumption Agreement and Restricted Stock Unit Assumption Agreement.

In our examination of documents for purposes of this opinion, we have assumed, and express no opinion as to, the genuineness of all signatures on original documents, the authenticity and completeness of all documents submitted to us as originals, the conformity to originals and completeness of all documents submitted to us as copies, the legal capacity of all persons or entities executing the same, the lack of any undisclosed termination, modification, waiver or amendment to any such document and the due authorization, execution and delivery of all such documents where due authorization, execution and delivery are prerequisites to the effectiveness thereof. We have also assumed that the certificates representing the Shares have been, or will be when issued, properly signed by authorized officers of the Company or their agents.

As to matters of fact relevant to this opinion, we have relied solely upon our examination of the documents referred to above and representations made to us by representatives of the Company and have assumed the current accuracy and completeness of the information obtained from such documents and representations. We have made no independent investigation or other attempt to verify the accuracy of any of such information or to determine the existence or non-existence of any other factual matters.

We are admitted to practice law in the State of California, and we render this opinion only with respect to, and express no opinion herein concerning the application or effect of the laws of any jurisdiction other than, the existing laws of the United States of America and of the State of California.

Based upon the foregoing, it is our opinion that the 752,089 Shares that may be issued and sold by the Company upon the exercise of the Options and settlement of the RSUs, when issued, sold and delivered in accordance with the applicable Plan and notices of stock option grant, stock option agreements, stock option assumption agreements, restricted stock unit agreements and restricted stock unit assumption agreements entered into thereunder, and in the manner and for the consideration stated in the Registration Statement and Prospectus, will be validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to all references to us, if any, in the Registration Statement, the Prospectus constituting a part thereof and any amendments thereto. This opinion is intended solely for use in connection with issuance and sale of shares subject to the Registration Statement and is not to be relied upon for any other purpose. This opinion is rendered as of the date first written above and based solely on our understanding of facts in existence as of such date after the

aforementioned examination. We assume no obligation to advise you of any fact, circumstance, event or change in the law or the facts that may hereafter be brought to our attention whether or not such occurrence would affect or modify the opinions expressed herein.

Yours truly,

FENWICK & WEST LLP

By: /s/ Daniel J. Winnike
Daniel J. Winnike, a Partner

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated September 20, 2010, except for Notes 1, 4 and 15 as to which the date is March 8, 2011, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in Cisco Systems, Inc.'s Current Report on Form 8-K dated on March 9, 2011. We also consent to the incorporation by reference of our report dated September 20, 2010 relating to the financial statement schedule, which appears in Cisco Systems, Inc.'s Annual Report on Form 10-K for the year ended July 31, 2010.

/s/ PricewaterhouseCoopers LLP

San Jose, California

March 24, 2011

INLET TECHNOLOGIES, INC.
STOCK OPTION PLAN
(as amended and restated)

1. Purpose. The Inlet Technologies, Inc. Stock Option Plan (the “Plan”) is established to create an additional incentive for key employees, directors and consultants or advisors of Inlet Technologies, Inc. and any successor corporations or any present or future parent and/or subsidiary corporations of such corporation (collectively, the “Company”) to promote the financial success and progress of the Company. For purposes of the Plan, a parent corporation and a subsidiary corporation shall be as defined in Sections 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended (the “Code”).
2. Administration. The Plan shall be administered by the Board of Directors of the Company (the “Board”) and/or by a duly appointed committee of the Board having such powers as shall be specified by the Board. Any subsequent references herein to the Board shall also mean the committee if such committee has been appointed and, unless the powers of the committee have been specifically limited, the committee shall have all of the powers of the Board granted herein, other than power to terminate or amend the Plan as provided in Paragraph 11 hereof, subject to the terms of the Plan and any applicable limitations imposed by law. All questions of interpretation of the Plan or of any award granted under the Plan shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan and/or any Option (as defined below). Any officer of the Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation or election.
3. Eligibility. The Board may grant options (each an “Option”) to purchase shares of the authorized but unissued common stock of the Company (the “Stock”), which Options may be either incentive stock options as defined in Section 422 of the Code (an “Incentive Stock Option”) or nonqualified stock options. Options may be granted to employees, officers, directors, consultants, advisors or other independent contractors (collectively “persons”). The Board, in its sole discretion, shall determine to whom Options are granted (each an “Optionee”). An Option that the Board intends to be an Incentive Stock Option shall only be granted to an employee of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Company shall have no liability to an Optionee, if an Option (or any part thereof) which is intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option. An Optionee may, if otherwise eligible, be granted additional Options.
4. Shares Subject to Option. Subject to adjustment as provided in Paragraph 9 below, the maximum number of shares of Stock which may be issued pursuant to Options granted under the Plan shall be Five Million One Hundred Forty-Nine Thousand (5,149,000). If any outstanding Option for any reason expires or is terminated or cancelled, the shares of Stock allocable to the unexercised portion of such Option, may again be subject to an Option. It is intended that the Plan shall constitute a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act of 1933, as amended (“Rule 701”), to the extent applicable, and that the Plan shall otherwise be administered in compliance with the requirements of Rule 701. To ensure such compliance, the Company shall maintain a record of shares subject to outstanding Options under the Plan and the exercise price of the Options, plus a record of all shares of Stock issued upon the exercise of the Options and the exercise price of the Options.
5. Time for Granting Options. All Options shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the shareholders of the Company.

6. Terms, Conditions and Form of Options. Subject to the provisions of the Plan, the Board shall determine for each Option the number of shares of Stock into which the Option is exercisable, whether the Option is to be treated as an Incentive Stock Option or as a nonqualified stock option and all other terms and conditions of the Option. Each Option granted pursuant to the Plan shall comply with and be subject to the following terms and conditions:
- (a) Exercise Price. The exercise price for each Option shall be established in the sole discretion of the Board; provided, however, that (i) the exercise price per share for an Incentive Stock Option shall be not less than the fair market value of a share of Stock on the date of grant and (ii) the exercise price per share of an Incentive Stock Option granted to an Optionee who on the date of the grant owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company within the meaning of Section 422(b)(6) of the Code (a "Ten Percent Owner Optionee") shall be not less than one hundred ten percent (110%) of the fair market value of a share of Stock on the date of grant. For this purpose, "fair market value" means the value assigned to the Stock by the Board for any date of grant, as determined pursuant to a reasonable method established by the Board that is consistent with the requirements of Sections 422 and 424 of the Code and the regulations thereunder (which method may be changed from time to time). Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a nonqualified stock option) may be granted by the Board in its discretion with an exercise price lower than the minimum exercise price set forth above if, in the case of an Incentive Stock Option, such Option is granted pursuant to an assumption or substitution for another option in accordance with the provisions of Section 424(a) of the Code. The foregoing shall not require that any such assumption or modification will result in the Option having the same characteristics, attributes or tax treatment as the Option for which it is substituted.
 - (b) Exercise Period of Options. The Board shall have the power to set the times on or within which an Option shall be exercisable or the events upon which an Option shall be exercisable and the term of an Option; provided, however, that (i) no Incentive Stock Option shall be exercisable after the expiration of ten (10) years after the date of grant, (ii) no Incentive Stock Option granted to a Ten Percent Owner Optionee shall be exercisable after the expiration of five (5) years after the date of grant, (iii) no Option shall be exercisable after the date the Optionee's employment with the Company is terminated for cause (as determined in the sole discretion of the Board unless cause is defined in an employment agreement between the Optionee and the Company in which case such definition shall be used); and (iv) each Incentive Stock Option shall terminate and cease to be exercisable no later than three (3) months after the date on which the Optionee terminates employment with the Company, unless the Optionee's employment with the Company was terminated as a result of the Optionee's death or disability (within the meaning of Section 22(e)(3) of the Code), in which event the Incentive Stock Option shall terminate and cease to be exercisable no later than twelve (12) months from the date on which the Optionee's employment terminated. For this purpose, an Optionee's employment shall be deemed to have terminated as a result of death if the Optionee dies within three (3) months following the Optionee's termination of employment.
 - (c) Payment of Exercise Price. Payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option may consist entirely of (a) cash; (b) check; (c) subject to any requirements of the applicable laws (including without limitation Section 153 of the Delaware General Corporation Law), delivery of Optionee's promissory note having such recourse, interest, security and redemption provisions as the Board determines to be appropriate after taking into account the potential accounting consequences of permitting an Optionee to deliver a promissory note; (d) cancellation of indebtedness; (e) other shares of stock that have a fair market value, as such fair market value determined by the Board on the date of surrender, equal to the aggregate exercise price of the shares as to which the Option is exercised, provided that in the case of shares acquired, directly or indirectly, from the Company, such shares must have been owned by the Optionee for more than six months on the date of surrender (or such other period as may be required to avoid the Company's incurring an adverse accounting charge); (f) if, as of the date of exercise of an Option the Company then is permitting employees to engage in a "same-day sale" cashless brokered exercise program involving one or more brokers, through such a program that

- complies with the applicable laws (including without limitation the requirements of Regulation T and other applicable regulations promulgated by the Federal Reserve Board) and that ensures prompt delivery to the Company of the amount required to pay the exercise price and any applicable withholding taxes; or (g) any combination of the foregoing methods of payment, in each case as the Optionee desires upon exercise of such Optionee's Option.
- (d) \$100,000 Limitation. The aggregate fair market value, determined as of the date of grant of the shares of the Stock with respect to which an Incentive Stock Option (determined without regard to this subparagraph) is first exercisable during any calendar year (under this Plan or under any other plan of the Company) by any Optionee shall not exceed \$100,000. If such limitation would be exceeded with respect to an Optionee for a calendar year, the Incentive Stock Option shall be deemed a nonqualified stock option to the extent of such excess.
- (e) Early Exercise of Option. The Board may provide, in its sole discretion, that any Stock Option may be exercisable pursuant to an early exercise provision in the Stock Option, provided that the shares of Stock received upon such early exercise shall be subject to a Stock Restriction Agreement substantially in the form as attached hereto as Exhibit A. The Board may insert a paragraph substantially in the form of the following into a Stock Option to create an early exercise option:
- Early Exercise. The Optionee may elect to exercise Optionee's Option or any portion thereof before it is fully vested and hold such shares of Stock subject to the provisions of a Restricted Stock Agreement substantially in the form as attached hereto as Exhibit B.
- (f) Condition to Exercise. As a condition to the exercise of any Option, each Optionee hereby shall agree (a) to be bound by certain shareholder agreements or such other documents as may be required by the Company from time to time (the "Shareholder Agreements"), (b) to be subject to all of the restrictions and conditions set forth in such Shareholder Agreements applicable to holders of Common Stock of the Company, and (c) to execute such further documents as may be necessary to evidence the joinder of the Optionee as a party to such Shareholder Agreements. Further, all certificates representing shares of Stock issued upon exercise of any Option shall bear such legends as may be required by the Shareholder Agreements.
7. Forms of Stock Option Agreements. All Options shall be evidenced by a written agreement substantially in the form of incentive or nonqualified stock option agreements attached hereto as (i) Exhibit B-1 or Exhibit C-1, with respect to the first Option granted to an individual, or (ii) Exhibit B-2 or Exhibit C-2, with respect to subsequent Options granted to such individual, as applicable, each of which are incorporated herein by reference (the "Form Option Agreements") or such other form or forms as may be approved by the Board consistent with the terms of this Plan. The Board shall have the authority from time to time to vary the terms of the Form Option Agreements either in connection with the grant of an Option or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of such revised or amended standard form or forms of stock option agreement shall be in accordance with the terms of the Plan.
8. Transfer of Control Upon a merger, consolidation, corporate reorganization, or any transaction in which all or substantially all of the assets or stock of the Company are sold, leased, transferred or otherwise disposed of (other than a mere reincorporation transaction or one in which the holders of voting capital stock of the Company immediately prior to such merger or consolidations continue to hold at least a majority of the voting power of the surviving corporation) (a "Transfer of Control"), then, except as otherwise provided in a particular stock option agreement approved by the Board, any unexercisable portion of an outstanding Option that would otherwise become exercisable within twelve (12) months following the effective time of the Transfer of Control shall become immediately exercisable as of a date prior to the Transfer of Control, which date shall be determined by the Board. Upon the occurrence

of a Transfer of Control, each outstanding Option, to the extent not exercised prior to the Transfer of Control, shall terminate as of the effective time of the Transfer of Control, unless such Option is assumed by the successor corporation (or parent thereof) or replaced with a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof). The exercise of any Option that was permissible solely by reason of this Paragraph 8 shall be conditioned upon the consummation of the Transfer of Control.

9. Effect of Change in Stock Subject to Plan. The Board shall make appropriate adjustments in the number and class of shares of the Stock subject to the Plan and to any outstanding Options and in the option price of any outstanding Options in the event of a stock dividend, stock split, reverse stock split, combination, reclassification or similar change in the capital structure of the Company.
10. Options Non-Transferable. Except as otherwise provided in a stock option agreement, no Option shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution. During the lifetime of an Optionee, an Option shall be exercisable only by such Optionee.
11. Termination or Amendment. The Board may amend, suspend or terminate the Plan or any portion thereof at any time. The Board may amend, modify or terminate any outstanding Option; provided, however, that no amendment authorized hereby may adversely affect the rights of any Optionee under any then outstanding Option without the consent of the Optionee, unless such amendment is required to enable an Option designated as an Incentive Stock Option to qualify as an Incentive Stock Option. The Board shall be entitled to create, amend or delete appendices to this Plan as specified herein.
12. Withholding. Each Optionee shall pay to the Company, or make provision satisfactory to the Board for payment of, any taxes required by law to be withheld in connection with Options to such Optionee no later than the date of the event creating the tax liability. Except as the Board may otherwise provide in an award, when the Stock is registered under the Securities Exchange Act of 1934, as amended, Optionees may satisfy such tax obligations in whole or in part by delivery of shares of Stock, including shares retained from the Option creating the tax obligation, valued at their fair market value as determined by, or in a manner approved by, the Board in good faith; provided, however, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to an Optionee.
13. Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Option have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Optionee has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.
14. Right of First Refusal.
 - (a) Right of First Refusal. If any Optionee proposes to sell, pledge or otherwise transfer any shares of Stock acquired upon exercise of an Option (the "Exercise Shares"), the Company shall have the right to repurchase the Exercise Shares under the terms and subject to the conditions set forth in this Paragraph 14 (the "Right of First Refusal").
 - (b) Notice of Proposed Transfer. Prior to any proposed transfer of the Exercise Shares, the Optionee shall give a written notice (the "Transfer Notice") to the Company describing fully the proposed transfer, including the number of Exercise Shares, the name and address of the proposed transferee (the "Proposed Transferee"), the proposed transfer price and all other material terms and conditions of the proposed transfer.

-
- (c) Exercise of the Right of First Refusal. The Company shall have the right to purchase all, but not less than all, of the Exercise Shares at the purchase price and on the terms set forth in the Transfer Notice by delivery to the Optionee of a notice of exercise of the Right of First Refusal within thirty (30) days after the date the Transfer Notice is delivered to the Company. The Company's exercise or failure to exercise the Right of First Refusal with respect to any proposed transfer described in a Transfer Notice shall not affect the Company's ability to exercise the Right of First Refusal with respect to any proposed transfer described in any other Transfer Notice, whether or not such other Transfer Notice is issued by the Optionee or issued by any other person with respect to a proposed transfer to the same Proposed Transferee. If the Company exercises the Right of First Refusal, the Company and the Optionee shall thereupon consummate the sale of the Exercise Shares to the Company on the terms set forth in the Transfer Notice; provided however, that if the Transfer Notice provides for the payment for the Exercise Shares other than in cash, the Company shall have the option of paying for the Exercise Shares by the discounted cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Company. For purposes of the foregoing, cancellation of any indebtedness of the Optionee to the Company shall be treated as payment to the Optionee in cash to the extent of the unpaid principal and any accrued interest cancelled.
- (d) Failure to Exercise the Right of First Refusal. If the Company fails to exercise the Right of First Refusal within the period specified in Paragraph 14(c) above, the Optionee may conclude a transfer to the Proposed Transferee of the Exercise Shares on the terms and conditions described in the Transfer Notice, provided such transfer occurs not later than one hundred twenty (120) days following delivery to the Company of the Transfer Notice. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, also shall be subject to the Right of First Refusal and shall require compliance by the Optionee with the procedure described in this Paragraph 14.
- (e) Transferees of the Transfer Shares. All transferees of the Exercise Shares or any interest therein, other than the Company, shall be required as a condition of such transfer to agree in writing (in a form satisfactory to the Company) that such transferee shall receive and hold such Exercise Shares or interests subject to the provisions of this Paragraph 14 providing for the Right of First Refusal with respect to any subsequent transfer.
- (f) Transfers Not Subject to the Right of First Refusal. The Right of First Refusal shall not apply to any transfer or exchange of the Exercise Shares if: (i) such transfer is in connection with a Transfer of Control; (ii) such transfer is to one or more members of the Optionee's immediate family (or a trust for their benefit) provided all such transferees agree in writing to the restrictions of Paragraph 14(e); or (iii) such transfer has been approved by the Board, which approval may be granted or withheld in its complete discretion.
- (g) Assignment of the Right of First Refusal. The Company shall have the right to assign the Right of First Refusal at any time.
- (h) Stock Dividends Subject to First Refusal Right. If, from time to time, there is any stock dividend, stock split, recapitalization, reclassification or other change in the character or amount of any of the outstanding stock of the Company, the stock of which is subject to the provisions of an option agreement issued pursuant to the Plan, then, in such event, any and all new substituted or additional securities to which the Optionee is entitled by reason of the Optionee's ownership of the shares acquired upon exercise of an Option shall be immediately subject to the Right of First Refusal with the same force and effect as the shares subject to the Right of First Refusal immediately before such event.

-
- (i) Early Termination of the Right of First Refusal. The other provisions of this Paragraph 14 notwithstanding, the Right of First Refusal shall terminate, and be of no further force and effect, upon the earlier of (i) the occurrence of a Transfer of Control, unless the surviving, continuing, successor, or purchasing corporation, as the case may be, assumes the Company's rights and obligations under the Plan or (ii) the existence of a public market for the class of shares subject to the Right of First Refusal. A "public market" shall be deemed to exist if (x) such stock is listed on a national securities exchange (as that term is used in the Exchange Act) or (y) such stock is traded on the over-the-counter market and prices therefor are published daily on business days in a recognized financial journal.
- (j) Escrow. To ensure shares of Stock subject to Right of First Refusal will be available for repurchase, the Company may require an Optionee to deposit certificates evidencing the Exercise Shares in escrow with the Company or an agent of the Company.
15. Legends. The Company may at any time place legends referencing any applicable federal or state securities law restriction on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Optionee shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Optionee in order to effectuate the provisions of this Paragraph. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:
- (a) **THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SHARES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE CORPORATION RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SHARES REASONABLY SATISFACTORY TO THE CORPORATION, STATING THAT SUCH SALE, TRANSFER ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.**
- (b) **THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION OR ITS ASSIGNEE SET FORTH IN THE CORPORATION'S STOCK OPTION PLAN AND AN AGREEMENT BETWEEN THE CORPORATION AND THE REGISTERED HOLDER, OR SUCH HOLDER'S PREDECESSOR IN INTEREST, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS CORPORATION.**
- (c) **THE SHARES EVIDENCED BY THIS CERTIFICATE WERE ISSUED BY THE CORPORATION TO THE REGISTERED HOLDER UPON EXERCISE OF AN INCENTIVE STOCK OPTION AS DEFINED IN SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. THE TRANSFER AGENT FOR THE SHARES EVIDENCED HEREBY SHALL NOTIFY THE CORPORATION IMMEDIATELY OF ANY TRANSFER OF THE SHARES BY THE REGISTERED HOLDER HEREOF MADE ON OR BEFORE THE REGISTERED HOLDER SHALL HOLD ALL SHARES PURCHASED UNDER THE OPTION IN THE REGISTERED HOLDER'S NAME (AND NOT IN THE NAME OF ANY NOMINEE) FOR A PERIOD OF ONE YEAR FROM THE DATE OF EXERCISE OF THE OPTION OR TWO YEARS FROM THE DATE OF GRANT OF THE OPTION.**

16. Initial Public Offering. The event of an initial public offering of stock made by the Company under the Securities Act, Optionee shall not offer, sell, contract to sell, pledge, hypothecate, grant any option to purchase or make any short sale of, or otherwise dispose of any shares of stock of the Company or any rights to acquire stock of the Company for such period of time as may be established by the underwriter for such initial public offering.
17. Miscellaneous
- (a) Nothing in this Plan or any Option granted hereunder shall confer upon any Optionee any right to continue in the employ of the Company, or to serve as a director, consultant or advisor thereof, or interfere in any way with the right of the Company to terminate such Optionee's employment at any time. Unless specifically provided otherwise, no grant of an Option shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of the Company for the benefit of its employees unless the Company shall determine otherwise. No Optionee shall have any claim to an Option until it is actually granted under the Plan. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall, except as otherwise provided by the Board, be no greater than the right of an unsecured general creditor of the Company.
 - (b) The Plan and the grant of Options hereunder shall be subject to all applicable federal and state laws, rules, and regulations and to such approvals by any United States government or regulatory agency as may be required.
 - (c) The terms of the Plan shall be binding upon the Company, and its successors and assigns.
 - (d) This Plan and all awards taken hereunder shall be governed by the laws of the State of North Carolina, without regard to the conflicts of laws of North Carolina, without regard to the conflicts of laws rules of North Carolina.
 - (e) If any provision of this Plan or a Form Option Agreement is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Form Option Agreement under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the Form Option Agreement, it shall be stricken and the remainder of the Plan or the Form Option Agreement shall remain in full force and effect.
 - (f) The Board may incorporate additional or alternative provisions for this Plan with respect to residents of one or more individual states to the extent necessary or desirable under state securities laws. Such provisions shall be set out in one or more appendices hereto which may be amended or deleted by the Board from time to time.

IN WITNESS WHEREOF, the undersigned Secretary of the Company certifies that the foregoing Plan was duly adopted by the Board of Directors of the Company on the 9th day of September, 2003 and approved by the shareholders of the Company on the 9th day of September, 2003.

INLET TECHNOLOGIES, INC.

By: _____
Fred D. Hutchison, Secretary

APPENDIX A

INLET TECHNOLOGIES, INC. STOCK OPTION PLAN (the “Plan”)

Provisions Applicable to California Residents

Notwithstanding anything to the contrary otherwise appearing the Plan, the following provisions shall apply to any stock option or other award granted under the Plan to a resident of the State of California and, in the event of any conflict or inconsistency between the following provisions and the provisions otherwise appearing in the Plan, the following provisions shall control, solely with respect to options or other awards granted under the Plan to residents of the State of California:

- At no time shall the total number of shares of Company stock issuable upon exercise of all outstanding stock options granted pursuant to this Plan and the total number of shares provided for under any bonus or similar plan or agreement of the Company exceed the limitations set forth in Rule 260.140.45 promulgated under the California Code, based on the number of shares of the Company which are outstanding at the time the calculation is made.
- The exercise price of an option granted to a California resident may not be less than 85% of the “fair value” (as defined by Rule 260.140.50 promulgated under the California Code) of the Company’s common stock at the time the option is granted (or 110% of the “fair value” in the case of any person who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporations at the time of such grant).
- The exercise period of a stock option granted to a California resident shall be no longer than 120 months from the date the option is granted.
- An option granted to a California resident shall not be transferable, other than by will or the laws of descent and distribution, or as permitted by Rule 701 of the Securities Act of 1933, as amended.
- An option granted to a California resident shall become exercisable at the rate of at least 20% per year over 5 years from the date the option is granted, subject to reasonable conditions such as continued employment. However, in the case of an option granted to a California resident who is an officer, director, or consultant of the Company or any of its affiliates, the option may become fully exercisable, subject to reasonable conditions such as continued employment, at any time or during any period established by the Company.
- Unless employment is terminated for cause as defined by applicable law, the terms of the Plan or stock option agreement or a contract of employment, the right to exercise an option granted to a California resident in the event of termination of such optionee’s employment (to the extent that such optionee is otherwise entitled to exercise on the date of termination of employment) shall terminate as follows:
 - At least 6 months from the date of termination if termination was caused by death or disability; or
 - At least 30 days from the date of termination if termination was caused by an event other than death or disability.
- The Plan shall terminate with respect to California residents on the earlier of ten years after the date the Plan is adopted or the date the Plan is approved by the shareholders of the Company.
- The Plan shall be available to California residents only if the shareholders of the Company approve the Plan within 12 months before or after the date the Plan is adopted. Any option exercised by a California resident before such stockholder approval is obtained shall be rescinded if such stockholder approval is not subsequently obtained and such shares shall not be counted in determining whether the required stockholder approval is obtained.

-
- Each California resident participating in the Plan will be provided with a copy of the Company's annual financial statements (which need not be audited). The Company shall not be required to provide such statements to key employees whose duties with the Company assure access to equivalent information.

**INLET TECHNOLOGIES, INC.
2011 EQUITY INCENTIVE PLAN**

SECTION 1. INTRODUCTION .

The Inlet Technologies, Inc. 2011 Equity Incentive Plan became effective upon its adoption by the Company's Board of Directors on the Effective Date, and must be approved by the stockholders of the Company, when required by applicable laws, within twelve (12) months following such date. If the Company's stockholders do not approve this Plan, no Awards will be granted under this Plan.

The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by offering designated Employees and Consultants an opportunity to share in such long-term success by acquiring a proprietary interest in the Company. The Plan seeks to achieve this purpose by providing for discretionary long-term incentive awards in the form of Awards.

The Plan shall be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions). Capitalized terms shall have the meaning provided in Section 2 unless otherwise provided in this Plan or any related Stock Option Agreement or Stock Unit Agreement.

SECTION 2. DEFINITIONS .

- (a) "Affiliate" means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity.
- (b) "Award" means any award of an Option or Stock Unit under the Plan.
- (c) "Board" means the Board of Directors of the Company, as constituted from time to time.
- (d) "Cashless Exercise" means, to the extent that a Stock Option Agreement so provides and as permitted by applicable law, a program approved by the Committee in which payment may be made all or in part by delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate Exercise Price and, if applicable, the amount necessary to satisfy the Company's withholding obligations at the minimum statutory withholding rates, including, but not limited to, U.S. federal and state income taxes, payroll taxes, and foreign taxes, if applicable.
- (e) "Cause" means, except as may otherwise be provided in a Participant's employment agreement or Award agreement, a conviction of a Participant for a felony crime or the failure of a Participant to contest prosecution for a felony crime, or a Participant's misconduct, fraud or dishonesty (as such terms are defined by the Committee in its sole discretion), or any unauthorized use or disclosure of confidential information or trade secrets, in each case as determined by the Committee, and the Committee's determination shall be conclusive and binding.
- (f) "Change In Control" means, except as may otherwise be provided in a Participant's employment agreement, Stock Option Agreement or Stock Unit Agreement, the occurrence of any of the following:
 - (i) A change in the composition of the Board over a period of thirty-six consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination; or

- (ii) The acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing more than 35% of the total combined voting power of the Company's then outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which the Board does not recommend such stockholders accept.
- (g) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.
- (h) "Committee" means a committee described in Section 3.
- (i) "Common Stock" means the Company's common stock.
- (j) "Company" means Inlet Technologies, Inc., a Delaware corporation.
- (k) "Consultant" means an individual who performs bona fide services to the Company, a Parent, a Subsidiary or an Affiliate, other than as an Employee or Director or Non-Employee Director.
- (l) "Corporate Transaction" means, except as may otherwise be provided in a Participant's employment agreement or Award agreement, the occurrence of any of the following stockholder approved transactions:
- (i) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if more than 50% of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, consolidation or other reorganization is owned by persons who were not stockholders of the Company immediately prior to such merger, consolidation or other reorganization; or
 - (ii) The sale, transfer or other disposition of all or substantially all of the Company's assets.
- A transaction shall not constitute a Corporate Transaction if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions.
- (m) "Director" means a member of the Board who is also an Employee.
- (n) "Disability" means that the Participant is classified as disabled under a long-term disability policy of the Company or, if no such policy applies, the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.
- (o) "Effective Date" means March 1, 2011, the date the Plan was adopted by the Company Board of Directors.
- (p) "Employee" means any individual who is a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate.
- (q) "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (r) "Exercise Price" means, in the case of an Option, the amount for which a Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement.

(s) "Fair Market Value" means the market price of a Share as determined in good faith by the Committee. The Fair Market Value shall be determined by the following:

(i) If the Shares were traded over-the-counter or listed with NASDAQ on the date in question, then the Fair Market Value shall be equal to the last transaction price quoted by the NASDAQ system for the date in question; or

(ii) if the Common Stock is listed on the New York Stock Exchange or the American Stock Exchange on the date in question, the Fair Market Value is the closing selling price for the Common Stock as such price is officially quoted in the composite tape of transactions on the exchange determined by the Committee to be the primary market for the Common Stock for the date in question; provided, however, that if there is no such reported price for the Common Stock for the date in question under (i) or (ii), then if available such price on the last preceding date for which such price exists shall be determinative of Fair Market Value.

If neither (i) or (ii) are applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported in the Western Edition of The Wall Street Journal. Such determination shall be conclusive and binding on all persons.

(t) "Fiscal Year" means the Company's fiscal year.

(u) "Grant" means any grant of an Award under the Plan.

(v) "Incentive Stock Option" or "ISO" means an incentive stock option described in Code 422.

(w) "Non-Employee Director" means a member of the Board who is not an Employee.

(x) "Nonstatutory Stock Option" or "NSO" means a stock option that is not an ISO.

(y) "Option" means a stock option granted under the Plan entitling the Optionee to purchase Shares.

(z) "Optionee" means an individual, estate or other entity that holds an Option.

(aa) "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date

(bb) "Participant" means an individual or estate or other entity that holds an Award.

(cc) "Plan" means this Inlet Technologies, Inc. 2011 Equity Incentive Plan, as it may be amended from time to time.

(dd) "SEC" means the Securities and Exchange Commission.

(ee) "Securities Act" means the Securities Act of 1933, as amended.

(ff) "Service" means service as an Employee, Director, Non-Employee Director or Consultant. A Participant's Service does not terminate when continued service crediting is required by applicable law. Service terminates in any event when an approved leave ends, unless such Employee immediately returns to active work. The Committee determines which leaves count toward Service, and when Service

terminates for all purposes under the Plan. Further, unless otherwise determined by the Committee, a Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant provides service to the Company, a Parent, Subsidiary or Affiliate, or a transfer between entities (the Company or any Parent, Subsidiary, or Affiliate); provided that there is no interruption or other termination of Service.

(gg) "Share" means one share of Common Stock, as adjusted pursuant to Sections 8 and 9, and any successor security.

(hh) "Specified Employee" means an Employee, Director, Non-Employee Director or Consultant who has been selected by the Committee to receive a Stock Unit under the Plan.

(ii) "Stock Option Agreement" means the agreement described in Section 6 evidencing each award of an Option.

(jj) "Stock Unit" means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan.

(kk) "Stock Unit Agreement" means the agreement described in Section 8 evidencing each Award of a Stock Unit.

(ll) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

SECTION 3. ADMINISTRATION.

(a) General. The Board or a Committee appointed by the Board shall administer the Plan. Members of the Committee shall serve for such period of time as the Board may determine and shall be subject to removal by the Board at any time. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

(b) Authority of the Committee. Subject to the provisions of the Plan, the Committee shall have full authority and sole discretion to take any actions it deems necessary or advisable for the administration of the Plan. Such actions shall include:

- (i) selecting Participants who are to receive Options under the Plan;
- (ii) determining the type, number, vesting requirements and other features and conditions of such Options and amending such Options;
- (iii) selecting Specified Employees who are to receive Stock Units under the Plan;
- (iv) determining the type, number, vesting requirements and other features and conditions of such Stock Units and amending such Stock Units;
- (v) correcting any defect, supplying any omission, or reconciling any inconsistency in the Plan or any Award agreement;
- (vi) accelerating the vesting, or extending the post-termination exercise term, of Awards at any time and under such terms and conditions as it deems appropriate;
- (vii) interpreting the Plan;
- (viii) making all other decisions relating to the operation of the Plan; and
- (ix) adopting such plans or subplans as may be deemed necessary or appropriate to provide for the participation by Participants of the Company and its Subsidiaries and Affiliates who reside outside the U.S., which plans and/or subplans shall be attached hereto as Appendices.

The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons.

(c) Indemnification. To the maximum extent permitted by applicable law, each member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Stock Option Agreement or Stock Unit Agreement, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

SECTION 4. GENERAL.

(a) General Eligibility. Only Employees, Directors, Non-Employee Directors and Consultants shall be eligible to receive Options or Stock Units under the Plan.

(b) Stock Options. No person shall be eligible for the grant of an Option so long as Section 260.140.41(b) of Title 10 of the California Code of Regulations applies unless the requirements of such regulation are satisfied. No Option granted under the Plan is intended to qualify for the treatment afforded under Sections 421 and 422 of the Code.

(c) Restrictions on Shares. Any Shares issued pursuant to an Award shall be subject to such rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine, in its sole discretion. Such restrictions shall apply in addition to any restrictions that may apply to holders of Shares generally and shall also comply to the extent necessary with applicable law. In no event shall the Company be required to issue fractional Shares under this Plan.

(d) Beneficiaries. Unless stated otherwise in an Award agreement, a Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate.

(e) No Rights as a Stockholder. A Participant, or a transferee of a Participant, shall have no rights as a stockholder with respect to any Common Stock covered by an Award until such person has satisfied all of the terms and conditions to receive such Common Stock, has satisfied any applicable withholding or tax obligations relating to the Award and the Shares have been issued (as evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company).

(f) Termination of Service. Unless the applicable Award agreement or, with respect to Participants who reside in the U.S., the applicable employment agreement provides otherwise, the following rules shall govern the vesting, exercisability and term of outstanding Awards held by a Participant in the event of termination of such Participant's Service (in all cases subject to the term of the Award): (i) upon termination of Service for any reason, all unvested portions of any outstanding Awards shall be immediately forfeited without consideration and the vested portions of any outstanding Stock Units shall be settled upon termination; (ii) if the Service of a Participant is terminated for Cause, then all unexercised Options, and unvested portions of Stock Units, shall terminate and be forfeited immediately without

consideration; (iii) if the Service of Participant is terminated for any reason other than for Cause, death, or Disability, then the vested portion of his/her then-outstanding Options may be exercised by such Participant or his or her personal representative within three months after the date of such termination; or (iv) if the Service of a Participant is terminated due to death or Disability, the vested portion of his/her then-outstanding Options may be exercised within eighteen months after the date of termination of Service.

(g) Information Delivery. When required to comply with Section 260.140.41(h) of Title 10 of the California Code of Regulations, the security holders to whom such information is required to be provided shall be provided the information required by Section 260.140.46 of Title 10 of the California Code of Regulations not less frequently than annually.

SECTION 5. SHARES SUBJECT TO PLAN AND SHARE LIMITS.

(a) Basic Limitation. The stock issuable under the Plan shall be authorized but unissued Shares. The aggregate number of Shares reserved for Awards under the Plan shall not exceed 1,250,000 Shares, subject to adjustment pursuant to Section 9 and, when required, compliance with the stockholder approval requirements of Section 260.140.45 of Title 10 of the California Code of Regulations.

(b) Additional Shares. If Awards are forfeited or are terminated for any other reason before being exercised or settled, then the Shares underlying such Awards shall again become available for Awards under the Plan.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced and governed exclusively by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in a Stock Option Agreement (including without limitation any performance conditions). The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall be subject to adjustment of such number in accordance with Section 9.

(c) Exercise Price. An Option's Exercise Price shall be established by the Committee and set forth in a Stock Option Agreement.

(d) Exercisability and Term. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed nine years from the date of grant. Unless the applicable Stock Option Agreement provides otherwise, each Option shall vest and become exercisable with respect to 20% of the Shares subject to the Option upon completion of one year of Service measured from the vesting commencement date, the balance of the Shares subject to the Option shall vest and become exercisable in forty-eight equal installments upon completion of each month of Service thereafter, and the term of the Option shall be nine years from the date of grant. A Stock Option Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, or other events. Notwithstanding any other provision of the Plan, no Option can be exercised after the expiration date provided in the applicable Stock Option Agreement and no Option may provide that, upon exercise of the Option, a new Option will automatically be granted.

(e) Modifications of Options. Within the limitations of the Plan, the Committee may modify outstanding Options provided that no modification of an Option shall, without the consent of the Optionee, impair his or her rights under such Option.

(f) Assignment or Transfer of Options. Except as otherwise provided in the applicable Stock Option Agreement and then only to the extent permitted by applicable law, no Option shall be transferable by the Optionee other than by will or by the laws of descent and distribution. Except as otherwise provided in the applicable Stock Option Agreement, an Option may be exercised during the lifetime of the Optionee only by the Optionee or by the guardian or legal representative of the Optionee. No Option or interest therein may be assigned, pledged or hypothecated by the Optionee during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

SECTION 7. PAYMENT FOR OPTION SHARES

The entire Exercise Price of Shares issued upon exercise of Options shall be payable in cash at the time when such Shares are purchased, except as follows and only if so provided for in an applicable Stock Option Agreement:

(i) Surrender of Stock. Payment for all or any part of the Exercise Price may be made with Shares which have already been owned by the Optionee; provided that the Committee may, in its sole discretion, require that Shares tendered for payment be previously held by the Optionee for a minimum duration. Such Shares shall be valued at their Fair Market Value.

(ii) Cashless Exercise. Payment for all or any part of the Exercise Price may be made through Cashless Exercise.

(iii) Other Forms of Payment. Payment for all or any part of the Exercise Price may be made in any other form that is consistent with applicable laws, regulations and rules and approved by the Committee.

The Stock Option Agreement may specify that payment may be made in any form(s) described in this Section 7.

SECTION 8. TERMS AND CONDITIONS OF STOCK UNITS

(a) Stock Unit Agreement. Each grant of Stock Units under the Plan shall be evidenced and governed exclusively by a Stock Unit Agreement between the Specified Employee and the Company. Such Stock Units shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in the applicable Stock Unit Agreement (including without limitation any performance conditions). The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical. Stock Units may be granted in consideration of a reduction in the Specified Employee's other compensation.

(b) Number of Shares. Each Stock Unit Agreement shall specify the number of Shares to which the Stock Unit Grant pertains and shall be subject to adjustment of such number in accordance with Section 9.

(c) Payment for Stock Units. Stock Units shall be issued without consideration.

(d) Vesting Conditions. Unless the applicable Stock Unit Agreement provides otherwise, each Stock Unit shall vest with respect to 25% of the Shares subject to the Stock Unit upon completion of each year of Service on each of the first through fourth annual anniversaries of the vesting commencement date.

(e) Voting Rights. The holders of Stock Units shall have no voting rights.

(f) Form and Time of Settlement. Settlement of vested Stock Units may be made in the form of (i) cash, (ii) Shares or (iii) any combination of both, as determined by the Committee at the time of grant of the Stock Units, in its sole discretion. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Vested Stock Units may be settled in a lump sum or in installments, provided, however, that any settlement of Vested Stock Units in installments shall be exempt from or otherwise comply with the provisions regarding deferred compensation set forth in Section 409A of the Code. The distribution may occur or commence when the vesting conditions applicable to the Stock Units have been satisfied or have lapsed, in accordance with applicable law, to any later date. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Section 9.

(g) Creditors' Rights. A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

(h) Modifications or Assumption of Stock Units. Within the limitations of the Plan, the Committee may modify or assume outstanding Stock Units or may accept the cancellation of outstanding Stock Units (including stock units granted by another issuer) in return for the grant of new Stock Units for the same or a different number of Shares and with the same or different vesting provisions. Notwithstanding the preceding sentence or anything to the contrary herein, no modification of a Stock Unit shall, without the consent of the Specified Employee, impair his or her rights or obligations under such Stock Unit.

(i) Assignment or Transfer of Stock Units. Except as otherwise provided in the applicable Stock Unit Agreement and then only to the extent permitted by applicable law, Stock Units shall not be anticipated, assigned, attached garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 8(i) shall be void. However, this Section 8(i) shall not preclude a Specified Employee from designating a beneficiary who will receive any outstanding vested Stock Units in the event of the Specified Employee's death, nor shall it preclude a transfer of vested Stock Units by will or by the laws of descent and distribution.

SECTION 9. PROTECTION AGAINST DILUTION.

(a) Adjustments. In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, a spin-off or a similar occurrence, the Committee shall make appropriate adjustments to the following:

- (i) the number of Shares and the kind of shares or securities available for future Awards under Section 5;
- (ii) the number of Shares and the kind of shares or securities covered by each outstanding Award; or
- (iii) the Exercise Price under each outstanding Option.

(b) Participant Rights. Except as provided in this Section 9, a Participant shall have no rights by reason of any issue by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class. If by reason of an adjustment pursuant to this Section 9 a Participant's Award covers additional or different shares of stock or securities, then such additional or different shares and the Award in respect thereof shall be subject to all of the terms, conditions and restrictions which were applicable to the Award and the Shares subject to the Award prior to such adjustment.

(c) Fractional Shares. Any adjustment of Shares pursuant to this Section 9 shall be rounded down to the nearest whole number of Shares. Under no circumstances shall the Company be required to authorize or issue fractional shares and no consideration shall be provided as a result of any fractional shares not being issued or authorized.

SECTION 10. EFFECT OF A CORPORATE TRANSACTION.

(a) Corporate Transaction. In the event that the Company is a party to a Corporate Transaction, outstanding Awards shall be subject to the applicable agreement of merger, reorganization, or sale of assets. Such agreement may provide, without limitation, for the assumption or substitution of outstanding Options or Stock Units by the surviving corporation or its parent, for the replacement of outstanding Options and Stock Units with a cash incentive program of the surviving corporation which preserves the spread existing on the unvested portions of such outstanding Awards at the time of the transaction and provides for subsequent payout in accordance with the same vesting provisions applicable to those Awards, or for the cancellation of outstanding Options and/or Stock Units, with or without consideration, in all cases without the consent of the Participant.

(b) Acceleration. The Committee may determine, at the time of grant of an Award or thereafter, that such Award shall become fully vested as to all Shares subject to such Award in the event that a Corporate Transaction or a Change in Control occurs. Unless otherwise provided in the applicable Award agreement, in the event that a Corporate Transaction occurs and any outstanding Options or Stock Units are not assumed, substituted, or replaced with a cash incentive program pursuant to Section 10(a), then such Options or Stock Units shall terminate and cease to be outstanding.

(c) Dissolution. To the extent not previously exercised or settled, Options or Stock Units shall terminate immediately prior to the dissolution or liquidation of the Company.

SECTION 11. LIMITATIONS ON RIGHTS.

(a) No Entitlements. A Participant's rights, if any, in respect of or in connection with any Award is derived solely from the discretionary decision of the Company to permit the individual to participate in the Plan and to benefit from a discretionary Award. By accepting an Award under the Plan, a Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards. Any Award granted hereunder is not intended to be compensation of a continuing or recurring nature, or part of a Participant's normal or expected compensation, and in no way represents any portion of a Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain an employee, consultant or director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate the Service of any person at any time, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and such terminated person shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

(b) Stockholders' Rights. A Participant shall have no dividend rights, voting rights or other rights as a stockholder with respect to any Shares covered by his or her Award prior to the issuance of such Shares (as evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company). No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date when such Shares are issued, except as expressly provided in Section 9.

(c) Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue Shares or other securities under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Shares or other securities pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Shares or other securities, to their registration, qualification or listing or to an exemption from registration, qualification or listing.

SECTION 12. WITHHOLDING TAXES

(a) General. A Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with his or her Award. The Company shall not be required to issue any Shares or make any cash payment under the Plan until such obligations are satisfied.

(b) Share Withholding. If a public market for the Company's Shares exists, the Committee may permit a Participant to satisfy all or part of his or her withholding or income tax obligations by having the Company withhold all or a portion of any Shares that otherwise would be issued to him or her or by surrendering or attesting to all or a portion of any Shares that he or she previously acquired. Such Shares shall be valued based on the value of the actual trade or, if there is none, the Fair Market Value as of the previous day. Any payment of taxes by assigning Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the SEC. The Committee may, in its discretion, also permit a Participant to satisfy withholding or income tax obligations related to an Award through Cashless Exercise or through a sale of Shares underlying the Award.

SECTION 13. DURATION AND AMENDMENTS

(a) Term of the Plan. The Plan shall become effective upon its approval by Board, subject to the approval of the Company's stockholders in compliance, when required, with Section 260.140.41(g) of Title 10 of the California Code of Regulations. The Plan shall terminate on the ninth anniversary of the date of approval by the Company's stockholders and may be terminated on any earlier date pursuant to this Section 13.

(b) Right to Amend or Terminate the Plan. The Board may amend or terminate the Plan at any time and for any reason. The termination of the Plan, or any amendment thereof, shall not impair the rights or obligations of any Participant under any Award previously granted under the Plan without the Participant's consent. No Awards shall be granted under the Plan after the Plan's termination. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent such approval is otherwise required by applicable laws, regulations or rules.

CISCO SYSTEMS, INC.

STOCK OPTION ASSUMPTION AGREEMENT

Dear [Field: Full Name]:

As you know, on March 11, 2011 (the "Closing Date") Cisco Systems, Inc. ("Cisco") acquired Inlet Technologies, Inc. ("Inlet Technologies"), (the "Acquisition") pursuant to the Agreement and Plan of Merger by and among Cisco, Infinity Acquisition Corp., Inlet Technologies and the Stockholders' Agent dated as of February 3, 2011 (the "Merger Agreement"). On the Closing Date you held one or more outstanding options to purchase shares of Inlet Technologies common stock granted to you under the Inlet Technologies, Inc. Amended and Restated Stock Incentive Plan of 2003 (the "Plan"). Pursuant to the Merger Agreement, on the Closing Date, Cisco assumed all obligations of Inlet Technologies under your outstanding option (or options). This Stock Option Assumption Agreement (the "Agreement") evidences the terms of Cisco's assumption of an option (or options) to purchase Inlet Technologies common stock granted to you under the Plan (the "Inlet Technologies Option(s)"), and documented by a stock option agreement (or stock option agreements) and any amendment(s) and/or option assumption agreements entered into by and between you and Inlet Technologies (the "Option Agreement(s)"), including the necessary adjustments for assumption of the Inlet Technologies Option(s) that are required by the Acquisition.

The table below summarizes your Inlet Technologies Option(s) immediately before and after the Acquisition:

Grant Details

Employee ID	<i>[Field: Employee ID]</i>
Grant Date	<i>[Field: Grant Date]</i>
Type of Option	<i>[Field: Grant Type]</i>
Grant Number	<i>[Field: Grant Number]</i>
Cisco Number of Option Shares	<i>[Field: Shares Granted]</i>
Cisco Exercise Price Per Share	<i>[Field: Option Price]</i>
Original Number of Option Shares	<i>[Field: Acquisition Shares]</i>
Original Exercise Price Per Share	<i>[Field: Acquisition Exercise Price]</i>
Vesting Commencement Date	<i>[Field: Vest Start Date]</i>
Expiration Date	<i>[Field: Expiration Date]</i>

The post-Acquisition adjustments are based on the Option Exchange Ratio of 0.1394853453 as determined in accordance with the terms of the Merger Agreement, and are intended to: (i) assure that the total spread of your assumed Inlet Technologies Option(s) (i.e., the difference between the aggregate fair market value and the aggregate exercise price) does not exceed the total spread that existed immediately prior to the Acquisition; and (ii) to preserve, on a per share basis, the ratio of exercise price to fair market value that existed immediately prior to the Acquisition. The number of shares of Cisco common stock subject to your assumed Inlet Technologies Option(s) was determined by multiplying the Option Exchange Ratio by the number of shares remaining subject to your Inlet Technologies Option(s) on the Closing Date and rounding the resulting product down to the next whole number of shares of Cisco common stock. The exercise price per share of your assumed Inlet Technologies Option(s) was determined by dividing the exercise price per share of your Inlet Technologies Option(s) by the Option Exchange Ratio and rounding the resulting quotient up to the next whole cent.

Unless the context otherwise requires, any references in the Plan or the Option Agreement(s) to: (i) the "Company" or the "Corporation" means Cisco, (ii) "Stock," "Common Stock" or "Shares" means shares of Cisco common stock, (iii) the "Board of Directors" or the "Board" means the Board of Directors of Cisco and (iv) the "Committee" means the Compensation and Management Development Committee of the Board of Directors of Cisco. All references in the Option Agreement(s) and the Plan relating to your status as an employee or consultant of Inlet Technologies will now refer to your status as an employee or consultant of Cisco or any present or future Cisco subsidiary.

The vesting commencement date, vesting schedule and expiration date of your assumed Inlet Technologies Option(s) remain the same as set forth in the Option Agreement(s) (in this respect, please note that any discussion of option terms (including vesting acceleration) in any employment offer letter (whether from Cisco, Inlet Technologies or any other related employer) is explanatory in nature and will not result in duplication of benefits (including vesting) with respect to your assumed Inlet Technologies Option(s)) but with the number of shares subject to each vesting installment and the exercise price per share adjusted to reflect the effect of the Acquisition. Vesting of your assumed Inlet Technologies Option(s) will be suspended during all leaves of absence in accordance with Cisco's policies and, the only permissible methods to exercise your assumed Inlet Technologies Option(s) are cash, check, wire transfer, or through a cashless exercise program with a Cisco-designated broker. All other provisions which govern either the exercise or the termination of your assumed Inlet Technologies Option(s) remain the same as set forth in the Option Agreement(s), and the provisions of the Option Agreement(s) will govern and control your rights under this Agreement to purchase shares of Cisco common stock, except (i) no assumed Inlet Technologies Option(s) may be "early exercised" (i.e., an assumed Inlet Technologies Option(s) may be exercised for shares of Cisco common stock only to the extent vested at the time of exercise pursuant to the applicable vesting schedule) and (ii) as expressly modified by this Agreement, the Merger Agreement or otherwise in connection with the Acquisition. Upon termination of your employment with Cisco or any present or future Cisco subsidiary, you will have the applicable limited post-termination exercise period specified in your Option Agreement(s) for your assumed Inlet Technologies Option(s) to the extent vested and outstanding at the time of termination after which time your assumed Inlet Technologies Option(s) will expire and NOT be exercisable for Cisco common stock.

To exercise your assumed Inlet Technologies Option(s), you must utilize one of Cisco's preferred brokers, the Charles Schwab Corporation (telephone number is _____) or Morgan Stanley Smith Barney (telephone number is _____).

Nothing in this Agreement or the Option Agreement(s) interferes in any way with your right and your employer's right, which rights are expressly reserved, to terminate your employment at any time for any reason. Future options, if any, you may receive from Cisco will be governed by the terms of the Cisco stock option plan under which such options are granted, and such terms may be different from the terms of your assumed Inlet Technologies Option(s), including, but not limited to, the time period in which you have to exercise vested options after your termination of employment.

Until Cisco's Stock Administration Department is in receipt of your understanding and acceptance of this Agreement (which can be accomplished electronically by following the instructions under the heading of Acknowledgment below) your Cisco account will not be activated and your assumed Inlet Technologies Option(s) will not be exercisable.

If you have any questions regarding this Agreement or your assumed Inlet Technologies Option(s), please contact _____ at _____.

CISCO SYSTEMS, INC.

By: /s/ Mark Chandler
Mark Chandler
Corporate Secretary

ACKNOWLEDGMENT

[Field: Full Name] acknowledges that clicking on the I Agree button constitutes acceptance and agreement to be bound by the terms of this Agreement, as well as understanding and agreement that all rights and liabilities with respect to the assumed Inlet Technologies Option(s) listed on the table above are hereby assumed by Cisco and are as set forth in the Option Agreement(s) for such assumed Inlet Technologies Option(s), the Plan and this Stock Option Assumption Agreement.

ATTACHMENTS

Exhibit A - Form S-8 Prospectus

CISCO SYSTEMS, INC.
NON-U.S. STOCK OPTION ASSUMPTION AGREEMENT

Dear [Field: Full Name]:

As you know, on March 11, 2011 (the "Closing Date") Cisco Systems, Inc. ("Cisco") acquired Inlet Technologies, Inc. Corporation ("Inlet Technologies, Inc."), (the "Acquisition") pursuant to the Agreement and Plan of Merger by and among Cisco Systems, Infinity Acquisition Corp., Inlet Technologies, Inc. and the Stockholders' Agent dated as of February 3, 2011, as amended (the "Merger Agreement"). On the Closing Date you held one or more outstanding options to purchase shares of Inlet Technologies, Inc. common stock granted to you under the Inlet Technologies, Inc. 2011 Equity Incentive Stock Plan (the "Plan"). Pursuant to the Merger Agreement, on the Closing Date, Cisco assumed all obligations of Inlet Technologies, Inc. under your outstanding option (or options). This Non-U.S. Stock Option Assumption Agreement (the "Agreement") evidences the terms of Cisco's assumption of an option (or options) to purchase Inlet Technologies, Inc. common stock granted to you under the Plan (the "Inlet Technologies, Inc. Option(s)"), and documented by a stock option agreement (or stock option agreements) and any amendment(s) and/or option assumption agreements entered into by and between you and Inlet Technologies, Inc. (the "Option Agreement (s)"), including the necessary adjustments for assumption of the Inlet Technologies, Inc. Option(s) that are required by the Acquisition.

The table below summarizes your Inlet Technologies, Inc. Option(s) immediately before and after the Acquisition:

Grant Details

Employee ID	<i>[Field: Employee ID]</i>
Grant Date	<i>[Field: Grant Date]</i>
Type of Option	<i>[Field: Grant Type]</i>
Grant Number	<i>[Field: Grant Number]</i>
Cisco Number of Option Shares	<i>[Field: Shares Granted]</i>
Cisco Exercise Price Per Share	<i>[Field: Option Price]</i>
Original Number of Option Shares	<i>[Field: Acquisition Shares]</i>
Original Exercise Price Per Share	<i>[Field: Acquisition Exercise Price]</i>
Vesting Commencement Date	<i>[Field: Vest Start Date]</i>
Expiration Date	<i>[Field: Expiration Date]</i>

The post-Acquisition adjustments are based on the Option Exchange Ratio of 0.1394853453, as determined in accordance with the terms of the Merger Agreement, and are intended to: (i) assure that the total spread of your assumed Inlet Technologies, Inc. Option(s) (i.e., the difference between the aggregate fair market value and the aggregate exercise price) does not exceed the total spread that existed immediately prior to the Acquisition; and (ii) to preserve, on a per share basis, the ratio of exercise price to fair market value that existed immediately prior to the Acquisition. The number of shares of Cisco common stock subject to your assumed Inlet Technologies, Inc. Option(s) was determined by multiplying the Option Exchange Ratio by the number of shares remaining subject to your Inlet Technologies, Inc. Option(s) on the Closing Date and rounding the resulting product down to the next whole number of shares of Cisco common stock. The exercise price per share of your assumed Inlet Technologies, Inc. Option(s) was determined by dividing the exercise price per share of your Inlet Technologies, Inc. Option(s) by the Option Exchange Ratio and rounding the resulting quotient up to the next whole cent.

Unless the context otherwise requires, any references in the Plan and the Option Agreement(s) to: (i) the “Company” or the “Corporation” means Cisco, (ii) “Stock,” “Common Stock” or “Shares” means shares of Cisco common stock, (iii) the “Board of Directors” or the “Board” means the Board of Directors of Cisco and (iv) the “Committee” means the Compensation and Management Development Committee of the Board of Directors of Cisco. As used in this Agreement, “Employer” means your actual employer. All references in the Option Agreement(s) and the Plan relating to your status as an employee or consultant of Inlet Technologies, Inc. will now refer to your status as an employee or consultant of Cisco or any present or future Cisco parent, subsidiary or affiliate.

The vesting commencement date, vesting schedule and expiration date of your assumed Inlet Technologies, Inc. Option(s) remain the same as set forth in the Option Agreement(s) (in this respect, please note that any discussion of option terms (including vesting acceleration) in any employment offer letter (whether from Cisco, Inlet Technologies, Inc. or any other related employer) is explanatory in nature and will not result in duplication of benefits (including vesting) with respect to your assumed Inlet Technologies, Inc. Option(s)) but with the number of shares subject to each vesting installment and the exercise price per share adjusted to reflect the effect of the Acquisition. Vesting of your assumed Inlet Technologies, Inc. Option(s) will be suspended during all leaves of absence in accordance with Cisco’s policies and the only permissible methods to exercise your assumed Inlet Technologies, Inc. Option(s) are cash, check, wire transfer, or through a cashless exercise program with a Cisco-designated broker. All other provisions which govern either the exercise or the termination of your assumed Inlet Technologies, Inc. Option(s) remain the same as set forth in the Option Agreement(s) and the provisions of the Option Agreement(s) will govern and control your rights under this Agreement to purchase shares of Cisco common stock, except (i) no assumed Inlet Technologies, Inc. Option(s) may be “early exercised” (i.e., an assumed Inlet Technologies, Inc. Option(s) may be exercised for shares of Cisco common stock only to the extent the assumed Inlet Technologies, Inc. Option(s) is vested at the time of exercise pursuant to the applicable vesting schedule), and (ii) as expressly modified by this Agreement, the Merger Agreement or otherwise in connection with the Acquisition. Upon termination of your active employment with Cisco or any present or future Cisco parent, subsidiary or affiliate, you will have the applicable limited post-termination exercise period specified in your Option Agreement(s) and/or the Plan for your assumed Inlet Technologies, Inc. Option(s) to the extent vested and outstanding at the time of termination after which time your assumed Inlet Technologies, Inc. Option(s) will expire and NOT be exercisable for Cisco common stock. To exercise your assumed Inlet Technologies, Inc. Option(s), you must utilize one of Cisco’s preferred brokers, the Charles Schwab Corporation (telephone number is _____) or Morgan Stanley Smith Barney (telephone number is _____).

Nothing in this Agreement or the Option Agreement(s) interferes in any way with your right and the right of Cisco or its parent, subsidiary or affiliate, which rights are expressly reserved, to terminate your employment at any time for any reason, whether or not in breach of local labor laws. Future options, if any, you may receive from Cisco will be governed by the terms of the Cisco stock option plan under which such options are granted, and such terms may be different from the terms of your assumed Inlet Technologies, Inc. Option(s), including, but not limited to, the time period in which you have to exercise vested options after your termination of active employment.

The following are additional terms and conditions of your assumed Inlet Technologies, Inc. Options: Tax Related Items.

Prior to exercise of the assumed Inlet Technologies, Inc. Option(s) (or conversion/acceleration of vesting of the assumed Inlet Technologies, Inc. Option(s) if the conversion/acceleration is a taxable event in your country), you authorize Cisco and/or your Employer, or their respective agents, at their discretion to satisfy any obligations for Option Tax Liability, including income tax, payroll tax or other tax-related withholding (“Tax-Related Items”) in relation to your assumed Inlet Technologies, Inc. Option(s) by one or a combination of the following: (1) withholding all applicable Tax-Related Items from your wages or other cash compensation paid to you by Cisco and/or the Employer; (2) withholding from proceeds of the sale of the Shares acquired upon exercise of the Inlet Technologies, Inc. Option(s) either through a voluntary sale (specifically including where the Inlet Technologies, Inc. Option(s) is/are exercised in accordance with a cashless exercise program with a Cisco-designated broker) or through a mandatory sale arranged by Cisco (on your behalf, pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon exercise of the Inlet Technologies, Inc. Option(s) or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by Cisco. To avoid financial accounting charges under applicable accounting guidance, Cisco may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or may take any other action required to avoid financial accounting charges under applicable accounting guidance. Finally, you must pay to Cisco or the Employer any amount of Tax-Related Items that Cisco or the Employer may be required to withhold or account for as a result of your participation in the Plan or your purchase of Shares that cannot be satisfied by the means previously described. Cisco may refuse to honor the exercise, refuse to convert your assumed Inlet Technologies, Inc. Option(s) and/or refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this Paragraph.

Regardless of any action Cisco or the Employer takes with respect to any or all Tax-Related Items, you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by Cisco or the Employer. You further acknowledge that Cisco and/or the Employer (1) make no representations

or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Inlet Technologies, Inc. Option(s), including the grant, vesting, conversion into options over Cisco Shares or exercise of the Inlet Technologies, Inc. Option(s), any acceleration of vesting, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to structure the terms of the conversion of Inlet Technologies, Inc. Option(s) into options over Cisco Shares, any acceleration of vesting or any aspect of the Inlet Technologies, Inc. Option(s) to reduce or eliminate your liability for Tax-Related Items or achieve a particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the grant date and the date of any relevant taxable event, you acknowledge that Cisco and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Data Privacy.

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and Cisco and its parent, subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that Cisco and the Employer hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in Cisco, details of all assumed Inlet Technologies, Inc. Option(s) or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (“Data”), for the purpose of implementing, administering and managing your participation in the Plan. You understand that Data may be transferred to Cisco or any of its parent, subsidiaries or affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient’s country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of the assumed Inlet Technologies, Inc. Option(s) under the Plan or with whom Shares acquired pursuant to the exercise of the assumed Inlet Technologies, Inc. Option(s) or cash from the sale of Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of such Data to Cisco or any of its parent, subsidiaries or affiliates, or any third parties is necessary for your participation in the Plan.

You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting your local human resources representative. You further acknowledge that withdrawal of consent may affect your ability to realize benefits from the assumed Inlet Technologies, Inc. Option(s) and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

No Entitlement or Claims for Compensation.

By accepting this Agreement, you hereby acknowledge and agree as follows:

(a) Your rights, if any, in respect of or in connection with the assumed Inlet Technologies, Inc. Options or any other stock award are derived solely from the discretionary decision of Cisco to permit you to benefit from a discretionary award. The Plan may be amended, suspended or terminated by Cisco at any time, unless otherwise provided in the Plan and this Agreement or the Option Agreement(s). By exercising the assumed Inlet Technologies, Inc. Option, you expressly acknowledge that there is no obligation on the part of Cisco to continue the Plan and/or grant any additional stock awards or benefits in lieu of options or any other stock awards even if Inlet Technologies, Inc. Options have been granted repeatedly in the past. All decisions with respect to future option grants, if any, will be at the sole discretion of Cisco.

(b) The assumed Inlet Technologies, Inc. Options and the Shares subject to the assumed Inlet Technologies, Inc. Options are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for Inlet Technologies, Inc., the Employer or Cisco or its parent, subsidiaries or affiliates. The value of the assumed Inlet Technologies, Inc. Options and the Shares subject to the Inlet Technologies, Inc. Options are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to Inlet Technologies, Inc., the Employer or Cisco or its parent, subsidiaries or affiliates and which are outside the scope of your written employment agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor the assumed Inlet Technologies, Inc. Options or any other stock award granted under the Plan shall be deemed to give you a right to remain an employee, consultant or director of Cisco, its parent, subsidiaries or affiliates. The Employer reserves the right to terminate your service at any time, with or without cause, and for any reason, subject to applicable laws, Cisco's Articles of Incorporation and Bylaws and a written employment agreement (if any).

(e) Your participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer or Cisco or its parent, subsidiaries or affiliates.

(f) The future value of the underlying Shares is unknown and cannot be predicted with certainty. If the underlying Shares do not increase in value, the assumed Inlet Technologies, Inc. Options will have no value. If you exercise the assumed Inlet Technologies, Inc. Options and obtain Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the exercise price. You understand that neither the Employer, nor Cisco or its parent, subsidiaries or affiliates is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of the assumed Inlet Technologies, Inc. Options.

(g) In consideration of the conversion of the assumed Inlet Technologies, Inc. Options, no claim or entitlement to compensation or damages shall arise from forfeiture of the Inlet Technologies, Inc. Options resulting from termination of your service by Cisco or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release Cisco and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, you shall be deemed irrevocably to have waived your entitlement to pursue such claim.

(h) In the event of your termination of service, your right to receive additional options or to vest in the assumed Inlet Technologies, Inc. Options will end as of the date you are no longer actively providing services and will not be extended by any notice period mandated under local law (e.g., your active service period would not include any period of "garden leave" or similar period pursuant to local law); Cisco shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the assumed Inlet Technologies, Inc. Options.

(i) You agree that Cisco may require the Inlet Technologies, Inc. Options assumed and converted hereunder to be exercised with, and the Shares held by, a broker designated by Cisco.

(j) You agree that your rights to acquire Shares or proceeds from the sale of Shares hereunder (if any) shall be subject to set-off by Cisco for any valid debts that you owe to Cisco.

(k) The Inlet Technologies, Inc. Options and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

(l) Cisco and the Employer are not providing any tax, legal or financial advice, nor are Cisco and the Employer making any recommendations regarding your participation in the Plan, or your acquisition or sale of Cisco Shares; you are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

You hereby acknowledge and agree as follows: (a) the conversion and adjustment of your assumed Inlet Technologies, Inc. Option(s) and/or acceleration of vesting of your assumed Inlet Technologies, Inc. Option(s) to awards over Cisco Shares may have adverse tax and social insurance contribution consequences, including but not limited to any loss of tax and social insurance qualified status and the inability to obtain a tax or social insurance refund for taxes or contributions already paid on such assumed Inlet Technologies, Inc. Option(s), and that Inlet Technologies, Inc., Cisco and your Employer do not take any responsibility or liability with respect to the loss of tax and social insurance qualified status of your assumed Inlet Technologies, Inc. Option(s); (b) you received information regarding the adjustment and conversion of your Inlet Technologies, Inc. Option(s); and (c) you acknowledge that exercise and vesting of your Inlet Technologies, Inc. Option(s) is contingent upon compliance with applicable local laws; in particular, if allowing you to exercise or receive assumed Inlet Technologies, Inc. Option(s) would not be compliant with applicable foreign securities laws, you will not be permitted to purchase or receive Shares under this Agreement.

You acknowledge that if you have received this Agreement or any other documents related to the Plan translated into a language other than English, and if the meaning of the translated version is different from the English version, the English version will take precedence. Cisco may, in its sole discretion, decide to deliver any documents related to the assumed Inlet Technologies, Inc. Option(s) and this Agreement by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, agree to participate in the Plan through an on-line or electronic system established and maintained by Cisco or a third party designated by Cisco.

Cisco reserves the right to impose other requirements on your participation in the Plan, on the exercise of the assumed Inlet Technologies, Inc. Options and on any Shares acquired under the Plan, to the extent Cisco determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of vesting or exercise of the assumed Inlet Technologies, Inc. Options or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill. Until Cisco's Stock Administration Department is in receipt of your understanding and acceptance of this Agreement (which can be accomplished electronically by following the instructions under the heading of Acknowledgment below) your Cisco account will not be activated and your assumed Inlet Technologies, Inc. Option(s) will not be exercisable. If you have any questions regarding this Agreement or your assumed Inlet Technologies, Inc. Option(s), please contact _____ at _____.

CISCO SYSTEMS, INC.

By: /s/ Mark Chandler
Mark Chandler
Corporate Secretary

ACKNOWLEDGMENT

[Field: Full Name] acknowledges that clicking on the I Agree button constitutes acceptance and agreement to be bound by the terms of this Agreement, as well as understanding and agreement that all rights and liabilities with respect to the assumed Inlet Technologies, Inc. Option(s) listed on the table above are hereby assumed by Cisco and are as set forth in the Option Agreement(s) for such assumed Inlet Technologies, Inc. Option(s), the Plan and this Non-U.S. Stock Option Assumption Agreement.

ATTACHMENTS

Exhibit A - Form S-8 Prospectus

CISCO SYSTEMS, INC.
RESTRICTED STOCK UNIT ASSUMPTION AGREEMENT

Dear [Field: Full Name]:

As you know, on March 11, 2011 (the “Closing Date”) Cisco Systems, Inc. (“Cisco”) acquired Inlet Technologies, Inc., Inc. (“Inlet Technologies, Inc.”), (the “Acquisition”) pursuant to the Agreement and Plan of Merger by and among Cisco, Infinity Acquisition Corp., Inlet Technologies, Inc. and the Stockholders’ Agent dated as of February 3, 2011 (the “Merger Agreement”). On the Closing Date you held one or more outstanding restricted stock unit awards to acquire shares of Inlet Technologies, Inc. common stock granted to you under the Inlet Technologies, Inc. 2011 Equity Incentive Plan (the “Plan”). Pursuant to the Merger Agreement, on the Closing Date, Cisco assumed all obligations of Inlet Technologies, Inc. under your outstanding restricted stock unit award (or restricted stock unit awards). This Restricted Stock Unit Assumption Agreement (the “Agreement”) evidences the terms of Cisco’s assumption of a restricted stock unit award (or restricted stock unit awards) to acquire Inlet Technologies, Inc. common stock granted to you under the Plan (the “Inlet Technologies, Inc. RSUs”), and documented by a restricted stock unit agreement (or restricted stock unit agreements) and any amendment(s) and/or restricted stock unit assumption agreements entered into by and between you and Inlet Technologies, Inc. (the “RSU Agreement(s)”), including the necessary adjustments for assumption of the Inlet Technologies, Inc. RSUs that are required by the Acquisition.

The table below summarizes your Inlet Technologies, Inc. RSUs immediately before and after the Acquisition:

Grant Details

Employee ID	<i>[Field: Employee ID]</i>
Grant Date	<i>[Field: Grant Date]</i>
Type of Award	<i>[Field: Grant Type]</i>
Grant Number	<i>[Field: Grant Number]</i>
Cisco Number of Shares	<i>[Field: Shares Granted]</i>
Original Number of Shares	<i>[Field: Acquisition Shares]</i>
Vesting Commencement Date	<i>[Field: Vest Start Date]</i>

The post-Acquisition adjustments are based on the Stock Unit Exchange Ratio of 0.1394853453, as determined in accordance with the terms of the Merger Agreement, and are intended to preserve immediately after the Acquisition the aggregate fair market value of the underlying shares immediately prior to the Acquisition. The number of shares of Cisco common stock subject to your assumed Inlet Technologies, Inc. RSUs was determined by multiplying the Stock Unit Exchange Ratio by the number of Shares remaining subject to your Inlet Technologies, Inc. RSUs on the Closing Date and rounding the resulting product down to the next whole number of shares of Cisco common stock.

Unless the context otherwise requires, any references in the Plan or the RSU Agreement(s) to: (i) the “Company” or the “Corporation” means Cisco, (ii) “Stock,” “Common Stock” or “Shares” means shares of Cisco common stock, (iii) the “Board of Directors” or the “Board” means the Board of Directors of Cisco and (iv) the “Committee” means the Compensation and Management Development Committee of the Board of Directors of Cisco. References in this Agreement to “Employer” mean your actual employer. All references in the RSU Agreement(s) and the Plan relating to your status as an employee or consultant of Inlet Technologies, Inc. or a subsidiary or affiliate will now refer to your status as an employee or consultant of Cisco or any present or future Cisco parent, subsidiary or affiliate.

The vesting commencement date, vesting schedule and expiration date of your assumed Inlet Technologies, Inc. RSUs remain the same as set forth in the RSU Agreement(s) and/or any notice of grant, (in this respect, please note that any discussion of terms (including vesting acceleration) in any employment offer letter (whether from Cisco, Inlet Technologies, Inc. or any other related employer) is explanatory in nature and will not result in duplication of benefits (including vesting) with respect to your assumed Inlet Technologies, Inc. RSUs) but with the number of shares subject to each vesting installment adjusted to reflect the effect of the Acquisition. Vesting of your assumed Inlet Technologies, Inc. RSUs will be suspended during all leaves of absence in accordance with Cisco's policies. All other provisions which govern either the settlement or the termination of your assumed Inlet Technologies, Inc. RSUs remain the same as set forth in the RSU Agreement(s), and the provisions of the RSU Agreement(s) will govern and control your rights under this Agreement to acquire shares of Cisco common stock, except as expressly modified by this Agreement, the Merger Agreement or otherwise in connection with the Acquisition.

UPON TERMINATION OF YOUR ACTIVE EMPLOYMENT WITH CISCO OR ANY PRESENT OR FUTURE CISCO SUBSIDIARY, ALL UNVESTED RESTRICTED STOCK UNITS SHALL BE IMMEDIATELY FORFEITED WITHOUT CONSIDERATION.

Nothing in this Agreement or the RSU Agreement(s) interferes in any way with your right and the right of Cisco or its parent, subsidiary or affiliate, which rights are expressly reserved, to terminate your employment at any time for any reason and whether or not in breach of local labor laws. Future restricted stock units, if any, you may receive from Cisco will be governed by the terms of the Cisco plan under which such restricted stock units are granted, and such terms may be different from the terms of your assumed Inlet Technologies, Inc. RSUs, including, but not limited to, the vesting schedule.

Until Cisco's Stock Administration Department is in receipt of your understanding and acceptance of this Agreement (which can be accomplished electronically by following the instructions under the heading of Acknowledgment below) your Cisco account will not be activated and your assumed Inlet Technologies, Inc. RSU(s) will not be released.

If you have any questions regarding this Agreement or your assumed Inlet Technologies, Inc. RSU(s), please contact _____ at _____.

CISCO SYSTEMS, INC.

By: /s/ Mark Chandler
Mark Chandler
Corporate Secretary

ACKNOWLEDGMENT

[Field: Full Name] acknowledges that clicking on the I Agree button constitutes acceptance and agreement to be bound by the terms of this Agreement, as well as understanding and agreement that all rights and liabilities with respect to the assumed Inlet Technologies, Inc. RSU(s) listed on the table above are hereby assumed by Cisco and are as set forth in the RSU Agreement(s) for such assumed Inlet Technologies, Inc. RSU(s), the Plan (as applicable) and this Restricted Stock Unit Assumption Agreement.

ATTACHMENTS

Exhibit A - Form S-8 Prospectus