

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

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FILER

RIVERSTONE NETWORKS INC

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

RIVERSTONE NETWORKS, INC.
(Exact name of registrant as specified in its charter)

Delaware 95-4596178
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

5200 Great America Parkway
Santa Clara, California 95054
(Address of principal executive offices, including zip code)

Riverstone Networks, Inc. 2000 Equity Incentive Plan (Amended and Restated)
Riverstone Networks, Inc. Employee Stock Purchase Plan

(Full title of the plans)

Mr. Romulus Pereira
President and Chief Executive Officer
Riverstone Networks, Inc.
5200 Great America Parkway
Santa Clara, California 95054
(408) 878-6500

(Name, Address and Telephone Number, including Area Code, of Agent for Service)

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount Of Registration Fee
<S>	<C>	<C>	<C>	<C>
2000 Equity Incentive Plan Common Stock	28,000,000 shares	\$12.70	\$355,600,000	\$88,900.00
Employee Stock Purchase Plan Common Stock	3,000,000 shares	\$12.70	\$ 38,100,000	\$ 9,525.00

</TABLE>

(1) Computed in accordance with Rules 457 (c) and (h) under the Securities Act of 1933, as amended. The Proposed Maximum Offering Price Per Share and Proposed Maximum Aggregate Offering Price for these shares have been determined on the basis of the average of the high and low prices of the Common Stock reported on the Nasdaq National Market on July 31, 2001 to be \$13.20 and \$12.20, respectively.

(2) Computed in accordance with Rules 457 (c) and (h) under the Securities Act of 1933, as amended. The Proposed Maximum Offering Price Per Share and Proposed Maximum Aggregate Offering Price for these shares have been determined

on the basis of the average of the high and low prices of the Common Stock reported on the Nasdaq National Market on July 31, 2001 to be \$13.20 and \$12.20, respectively.

Pursuant to Rule 416(a) under the Securities Act of 1933, this registration statement also covers such additional shares of Common Stock as may be issued in the event of a stock dividend, stock split, recapitalization or other similar transaction.

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

Information required by Part I to be contained in the Section 10(a) prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act of 1933, as amended (the "Securities Act"), and the Note to Part I of Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

Riverstone Networks, Inc. (the "Registrant" or the "Company") hereby incorporates the following documents herein by reference:

- (a) The Registrant's Annual Report on Form 10-K for the fiscal year ended March 3, 2001 filed with the Securities and Exchange Commission (the "Commission") on June 1, 2001 pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "Exchange Act").
- (b) Quarterly Report on Form 10-Q for the fiscal quarter ended June 2, 2001 and filed with the Commission on July 17, 2001 and Current Report on Form 8-K filed with the Commission on July 20, 2001.
- (c) Description of the Company's Common Stock contained in its Registration Statement on Form 8-A, File No. 000-32269.

All documents subsequently filed by the Registrant pursuant to Section 13(a), Section 13(c), Section 14 and Section 15(d) of the Exchange Act prior to the filing of a post-effective amendment to this Registration Statement that indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated herein by reference from the date of filing of such documents.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law, as amended, provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person

in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. Section 145 further provides that a

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corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor, against expenses actually and reasonably incurred in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 102(b)(7) of the Delaware General Corporation Law, as amended, permits a corporation to include in its certificate of incorporation a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided, however, that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law (relating to unlawful payment of dividends and unlawful stock purchase and redemption) or (iv) for any transaction from which the director derived an improper personal benefit.

The Registrant's restated certificate of incorporation, as amended, provides that the Company's directors shall not be liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except for the extent that exculpation from liabilities is not permitted under the Delaware General Corporation Law as in effect at the time such liability is determined. The restated certificate of incorporation, as amended, further provides that the registrant shall indemnify its directors and officers to the full extent permitted by the law of the state of Delaware.

Item 7. Exemption From Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number -----	Description -----
3.1*	Form of Amended and Restated Certificate of Incorporation of the Registrant.
3.2*	Form of Amended and Restated By-Laws of the Registrant.
4.1*	Form of the Registrant's Common Stock Certificate.
4.2	Riverstone Networks, Inc. 2000 Equity Incentive Plan (Amended and Restated).
4.3	Riverstone Networks, Inc. Employee Stock Purchase Plan.
5.1	Opinion of Ropes & Gray.
23.1	Consent of Ropes & Gray (Included within Exhibit 5.1).

23.2 Consent of KPMG LLP.

24.1 Power of Attorney (Included on Signature Page).

* Incorporated by reference to the same numbered exhibit to the Registrant's Registration Statement on Form S-1, File No. 333-45958.

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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 of 1933, (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 the 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 paragraphs (a)(1)(i) and (a)(1)(ii) shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which 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 of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the 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 of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the 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 Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, 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 on Form S-8 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Clara, The State of California, on this 3rd day of August, 2001.

RIVERSTONE NETWORKS, INC.

By: /s/ Robert Stanton

Name: Robert Stanton
Title: Secretary

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POWER OF ATTORNEY

Pursuant to the requirement of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature appears below hereby authorizes and constitutes Romulus Pereira, Robert Stanton and Piyush Patel, and each of them singly, his or her true and lawful attorneys with full power to them, and each of them singly, to sign for him or her and in his or her name in the capacities indicated below any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with exhibits thereto, and other documents in connection therewith, and he or she hereby ratifies and confirms his or her signature as it may be signed by said attorneys, or any of them, to any and all such amendments.

<TABLE> <CAPTION> Signature -----	Capacity in Which Signed -----	Date -----
<S>	<C>	<C>
/s/ Romulus Pereira ----- Romulus Pereira	President, Chief Executive Officer and Director	August 3, 2001
/s/ Robert Stanton ----- Robert Stanton	Executive Vice President of Finance and Chief Financial Officer (principal financial and accounting officer)	August 3, 2001
/s/ Piyush Patel ----- Piyush Patel	Chairman of the Board	August 3, 2001
/s/ Eric Jaeger ----- Eric Jaeger	Assistant Secretary and Director	August 3, 2001
/s/ C. Lee Cox ----- C. Lee Cox	Director	August 3, 2001
/s/ Jorge A. del Calvo ----- Jorge A. del Calvo	Director	August 3, 2001
/s/ Christopher Paisley ----- Christopher Paisley	Director	August 3, 2001

</TABLE>

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EXHIBIT INDEX

Number -----	Title of Exhibit -----
3.1*	Amended and Restated Certificate of Incorporation of the Registrant.
3.2*	Amended and Restated By-Laws of the Registrant.
4.1*	Form of Stock Certificate of the Registrant.
4.2	Riverstone Networks, Inc. 2000 Equity Incentive Plan (Amended and Restated).
4.3	Riverstone Networks, Inc. Employee Stock Purchase Plan.
5.1	Opinion of Ropes & Gray.
23.1	Consent of Ropes & Gray (Included within Exhibit 5.1).
23.2	Consent of KPMG LLP.
24.1	Power of Attorney (Included on Signature Page).

* Incorporated by reference to Registrant's Registration Statement on Form S-1, File No. 333-45948.

RIVERSTONE NETWORKS, INC.
2000 EQUITY INCENTIVE PLAN
(Amended and Restated)

1. Purpose

The purpose of this Equity Incentive Plan (the "Plan") is to advance the interests of Riverstone Networks, Inc. (the "Company") and its subsidiaries and affiliates by enhancing their ability to attract and retain employees and other individuals or entities who are in a position to make significant contributions to the success of the Company and its subsidiaries through awards based on the Company's common stock, \$.01 par value ("Stock"), and cash incentives.

The Plan is intended to accomplish these goals by enabling the Company to grant awards ("Awards") in the form of Options, Stock Appreciation Rights, Restricted Stock or Unrestricted Stock Awards, Deferred Stock Awards, Performance Awards, Other Stock-Based Awards or loans or supplemental grants, or combinations thereof, all as more fully described below.

2. Administration

Unless otherwise determined by the Board of Directors of the Company (the "Board"), the Plan will be administered by a committee of the Board designated for such purpose (the "Committee"). During such period as the Plan is administered by the Board rather than by a committee of the Board, all references herein to "Committee" shall be deemed to refer to the Board.

The Committee shall consist of at least two directors. A majority of the members of the Committee shall constitute a quorum, and all determinations of the Committee shall be made by a majority of its members. Any determination of the Committee under the Plan may be made without notice or meeting of the Committee by a writing signed by a majority of the Committee members. During such times as the Stock is registered under the Securities Exchange Act of 1934, as amended (the "1934 Act"), at least two members of the Committee shall be "non-employee directors" within the meaning of Rule 16b-3 promulgated under the 1934 Act and "outside directors" within the meaning of Section 162(m) (4) (C) (i) of the Internal Revenue Code of 1986, as amended (the "Code") (the "Outside Directors"). If any member of the Committee is not an Outside Director, a sub-committee (the "Sub-Committee") consisting solely of the Outside Directors shall administer the Plan in connection with Awards to "officers" of the Company within the meaning of Section 16(b) of the 1934 Act or with respect to any Award intended to be exempt under Section 162(m) of the Code. Any references to the Committee in this Plan shall also mean the Sub-Committee.

The Committee will have authority, not inconsistent with the express provisions of the Plan and in addition to other authority granted under the Plan, to: (a) grant Awards at such time or times as it may choose; (b) determine the size of each Award, including the number of shares of Stock subject to the Award; (c) determine the type or types of each Award; (d) determine the terms and conditions of each Award; (e) waive compliance by a holder of an Award with any obligations to be performed by such holder under an Award and waive any terms or conditions of an Award; (f) amend or cancel an existing Award in whole or in part (and if an award is canceled, grant another Award in its place on such terms and conditions as the Committee shall specify), except that the Committee may not, without the consent of the holder of an Award, take any action under this clause with respect to such Award if such action would adversely affect the rights of such holder; (g) prescribe the form or forms of any instruments to be used under the Plan, including any written notices and elections required of Participants (as defined in Section 5), and change such forms from time to time; (h) adopt, amend and rescind rules and regulations for the administration of the Plan; and (i) interpret the Plan and decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Such determinations and actions of the Committee, and all other determinations and actions of the Committee made

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or taken under authority granted by any provision of the Plan, will be conclusive and will bind all parties. Nothing in this paragraph shall be construed as limiting the power of the Committee to make adjustments under Sections 7.3 or 8.6.

The Committee may delegate to one or more senior officers of the Company who are also directors of the Company its duties under the Plan subject to such conditions and limitations as the Committee may prescribe, except that only the Committee may designate and make grants to Participants (i) who are subject to Section 16 of the 1934 Act or any successor statute, including, without limitation, decisions on timing, amount and pricing of Awards, or (ii) who at the time of grant are (or are expected to be) "covered employees" within the meaning of Section 162(m) (3) of the Code.

Notwithstanding the foregoing, prior to the earlier of the date on which the Company becomes a separate public company for purposes of Section 162(m) of the Code or the date on which the Committee consists of at least two "outside directors" (within the meaning of Section 162(m) (4) (C) (i) of the Code), a committee of "outside directors" (as so defined) of Cabletron Systems, Inc. ("Cabletron") shall act upon all Awards intended to qualify for the performance-based compensation exception under Section 162(m) of the Code.

3. Effective Date and Term of Plan

The Plan has been approved by the Board and by Cabletron as sole stockholder of the Company. No Award may be granted under the Plan after May 14, 2010, but Awards previously granted may extend beyond that date.

4. Shares Subject to the Plan

(a) Number of Shares. Subject to adjustment as provided in Section 8.6, the aggregate number of shares of Stock that may be delivered under the Plan will be 50,000,000, subject to the automatic share increases described in paragraph (d) of this Section 4. If any Award requiring exercise by the Participant for delivery of Stock terminates without having been exercised in full, or if any Award payable in Stock or cash is satisfied in cash rather than Stock, the number of shares of Stock as to which such Award was not exercised or for which cash was substituted will be available for future grants.

(b) Shares to be Delivered. Stock delivered under the Plan may be either authorized but unissued Stock or previously issued Stock acquired by the Company and held in treasury. No fractional shares of Stock will be delivered under the Plan.

(c) Special Limitations. No Participant may be granted Options or Stock Appreciation Rights in any calendar year with respect to more than (in the case of each such type of award) 8,500,000 shares of Stock or, if less, the total number of shares of Stock then available for awards under the Plan.

(d) Automatic Share Increase. The number of shares of Stock available for issuance under the Plan shall automatically increase on the first day of our fiscal year, beginning with fiscal year 2003 and continuing through fiscal year 2006, by a number of shares equal to five percent (5%) of the total number of shares of Stock outstanding on the last trading day of the immediately preceding fiscal year, but in no event shall any such annual increase exceed 10,000,000 shares.

5. Eligibility and Participation

Each key employee of the Company or any of its subsidiaries or affiliates (an "Employee") and each other individual or entity (other than employees of the Company or any of its subsidiaries or affiliates, but including, without limitation, directors of the Company or any of its subsidiaries or affiliates and employees of or other providers of services to Cabletron Systems, Inc. or any of its subsidiaries) who, in the opinion of the Committee, is in a position to make a significant contribution to the success of the Company or its subsidiaries

will be eligible to receive Awards under the Plan (each such Employee, other individual or entity receiving an Award, a "Participant"). Without limiting the foregoing, Participants may also include (i) individuals who have accepted an offer of employment from the Company or its subsidiaries or affiliates and who the Company or its subsidiaries or affiliates reasonably believe will be key employees upon commencing such employment (each a "New Hire"), and (ii) individuals (whether or not described in the first sentence of this Section)

who, at the time of a spin-off of the Company (as described in Section 9) from Cabletron, are holding options to acquire stock of Cabletron.

6. Types of Awards

6.1. Options

(a) Nature of Options. An option ("Option") is an Award giving the recipient the right on exercise thereof to purchase Stock. Both "incentive stock options" as defined in Section 422(b) of the Code (any Option intended to qualify as an incentive stock option being hereinafter referred to as an "ISO") and Options that are not ISOs may be granted under the Plan. ISOs shall be awarded only to individuals who are employed by the Company or by a parent or subsidiary corporation as those terms are defined in Section 424 of the Code. Each Option awarded under the Plan shall be a non-ISO unless it is expressly designated as an ISO at time of grant.

(b) Exercise Price. The exercise price of an Option will be determined by the Committee subject to the following:

(1) The exercise price of an ISO or an Option intended to qualify as performance based compensation under Section 162(m) of the Code shall not be less than 100% of the fair market value of the Stock subject to the Option, determined as of the time the Option is granted.

(2) In no case may the exercise price paid for Stock which is part of an original issue of authorized Stock be less than the par value per share of the Stock.

(c) Duration of Options. The latest date on which an Option may be exercised will be the tenth anniversary of the day immediately preceding the date the Option was granted, or such earlier date as may have been specified by the Committee at the time the Option was granted.

(d) Exercise of Options. An Option will become exercisable at such time or times, and on such conditions, as the Committee may specify. The Committee may at any time and from time to time accelerate the time at which all or any part of the Option may be exercised. Except as otherwise determined by the Committee, there shall be added to any period taken into account in determining the vesting or exercisability of an Option periods during which a Participant who is an Employee is on an unpaid leave of absence (or other unpaid absence) from the Company. For example, if a portion of an Option would otherwise vest and/or become exercisable on the first anniversary of the date of grant assuming that the Participant continues in employment and if, during the one-year period immediately following the date of grant, the Participant is given and takes an unpaid three-month leave of absence, the portion of the Option that would otherwise have vested and/or become exercisable on the first anniversary of the date of grant will vest and/or become exercisable on the date which follows such anniversary by three months, assuming continued employment by the Participant and except as otherwise determined by the Committee, and subsequent vesting/exercisability dates will similarly be moved

back by three months. Any exercise of an Option must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by (1) any documents required by the Committee and (2) payment in full in accordance with paragraph (e) below for the number of shares for which the Option is exercised.

(e) Payment for Stock. Stock purchased on exercise of an Option must be paid for as follows: (1) in cash or by check (acceptable to the Company in accordance with guidelines established for this purpose), bank draft or money order payable to the order of the Company; or (2) if so permitted by the Committee, (i) by delivery of shares of Stock which have been held for at least six months (unless the Committee approves a shorter

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period) and which have a fair market value equal to the exercise price, (ii) by delivery of a full recourse promissory note of the Participant to the Company containing such terms as are specified by the Committee, (iii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price, or (iv) by any combination of the foregoing permissible forms of payment.

6.2. Stock Appreciation Rights.

(a) Nature of Stock Appreciation Rights. A Stock Appreciation Right ("Stock Appreciation Right") is an Award entitling the holder on exercise to receive an amount in cash or Stock or a combination thereof (such form to be determined by the Committee) determined in whole or in part by reference to appreciation, from and after the date of grant, in the fair market value of a share of Stock. Stock Appreciation Rights may be based solely on appreciation in the fair market value of Stock or on a comparison of such appreciation with some other measure of market growth such as (but not limited to) appreciation in a recognized market index. The date as of which such appreciation or other measure is determined shall be the exercise date unless another date is specified by the Committee.

(b) Grant of Stock Appreciation Rights. Stock Appreciation Rights may be granted in tandem with, or independently of, Options granted under the Plan.

(1) Rules Applicable to Tandem Awards. When Stock Appreciation Rights are granted in tandem with Options: (A) the Stock Appreciation Right will be exercisable only at such time or times, and to the extent, that the related Option is exercisable and will be exercisable in accordance with the procedure required for exercise of the related Option; (B) the Stock Appreciation Right will terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a Stock Appreciation Right granted with respect to fewer than the full number of shares covered by an Option will not be reduced until the number of shares as to which the related Option has been exercised or has terminated exceeds the number of shares not covered by the Stock Appreciation Right; (C) the

Option will terminate and no longer be exercisable upon the exercise of the related Stock Appreciation Right; and (D) the Stock Appreciation Right will be transferable only with the related Option.

(2) Exercise of Independent Stock Appreciation Rights. A Stock Appreciation Right not granted in tandem with an Option will become exercisable at such time or times, and on such conditions, as the Committee may specify. Except as otherwise determined by the Committee, there shall be added to any period taken into account in determining the vesting or exercisability of a Stock Appreciation Right periods during which a Participant who is an Employee is on an unpaid leave of absence (or other unpaid absence) from the Company. The Committee may at any time accelerate the time at which all or any part of the Stock Appreciation Right may be exercised.

Any exercise of an independent Stock Appreciation Right must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by any other documents required by the Committee.

6.3. Restricted and Unrestricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee may grant shares of Stock in such amounts and upon such terms and conditions as the Committee shall determine subject to the restrictions described below ("Restricted Stock").

(b) Restricted Stock Agreement. The Committee may require, as a condition to an Award, that a recipient of a Restricted Stock Award enter into a Restricted Stock Award Agreement, setting forth the terms and conditions of the Award. In lieu of a Restricted Stock Award Agreement, the Committee may provide the terms and conditions of an Award in a notice to the Participant of the Award, in the resolution approving the Award, or in such other manner as it deems appropriate. Any stock certificate representing the Restricted Stock shall bear an appropriate legend to reflect the applicable restrictions.

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(c) Transferability and Other Restrictions. Except as otherwise provided in this Section 6.3, the shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable period or periods established by the Committee and the satisfaction of any other conditions or restrictions established by the Committee (such period during which a share of Restricted Stock is subject to such restrictions and conditions is referred to as the "Restricted Period"). Except as the Committee may otherwise determine under Sections 7.1 or 7.2, if a Participant dies or suffers a Status Change (as defined in Section 7.2) for any reason during the Restricted Period, the Company may purchase the shares of Restricted Stock subject to such restrictions and conditions for the amount of cash paid by the Participant for such shares; provided, that if no cash was paid by the Participant such shares of Restricted Stock shall be automatically

forfeited to the Company.

During the Restricted Period with respect to any shares of Restricted Stock, the Company shall have the right to retain in the Company's possession the certificate or certificates representing such shares.

(d) Removal of Restrictions. Except as otherwise provided in this Section 6.3, a share of Restricted Stock covered by a Restricted Stock Award shall become free from restrictions under the Plan upon completion of the Restricted Period, including the passage of any applicable period of time and satisfaction of any conditions to vesting. Except as otherwise determined by the Committee, there shall be added to any Restricted Period required to be satisfied in determining the vesting or exercisability of an Award of Restricted Stock periods during which a Participant who is an Employee is on an unpaid leave of absence (or other unpaid absence) from the Company. The Committee shall have the right at any time, in its sole discretion, immediately to waive all or any part of the restrictions and conditions with regard to all or any part of the shares held by any Participant.

(e) Voting Rights, Dividends and Other Distributions. During the Restricted Period, Participants holding shares of Restricted Stock granted hereunder may exercise full voting rights and shall receive all regular cash dividends paid with respect to such shares. Except as the Committee shall otherwise determine, any other cash dividends and other distributions paid to Participants with respect to shares of Restricted Stock, including any dividends and distributions paid in shares, shall be subject to the same restrictions and conditions as the shares of Restricted Stock with respect to which they were paid.

(f) Other Awards Settled with Restricted Stock. The Committee may, at the time any Award described in this Section 6 is granted, provide that any or all of the Stock delivered pursuant to the Award will be Restricted Stock.

(g) Unrestricted Stock. Subject to the terms and provisions of the Plan, the Committee may grant shares of Stock free of restrictions under the Plan ("Unrestricted Stock") in such amounts and upon such terms and conditions as the Committee shall determine.

6.4. Deferred Stock.

A Deferred Stock Award is an unfunded and unsecured promise by the Company to deliver shares of Stock in the future ("Deferred Stock"). Delivery of the Stock will take place at such time or times, and on such conditions, as the Committee may specify. The Committee may at any time accelerate the time at which delivery of all or any part of the Stock will take place. At the time any Award described in this Section 6 is granted, the Committee may provide that any or all of the Stock delivered pursuant to the Award will be Deferred Stock.

6.5. Performance Awards.

The Committee may, at the time an Award described in Sections 6.1, 6.2, 6.3,

6.4 or 6.7 is granted, impose the additional condition that performance goals must be met prior to the Participant's realization of any vesting, payment or benefit under the Award. In addition, the Committee may make awards entitling the Participant to

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receive an amount in cash upon attainment of specified performance goals (a "Cash Incentive"). Any Award or Cash Incentive made subject to performance goals as described in the preceding two sentences shall be a "Performance Award" subject to the provisions of this Section 6.5 in addition to any other applicable provisions of the Plan or the Award. Performance Awards may consist of Cash Incentives or Awards that are intended to qualify for the performance-based compensation exception under Section 162(m) of the Code, other than Options or Stock Appreciation Rights intended to qualify for such exception by reason of the special rules under Section 162(m) of the Code applicable to stock options and stock appreciation rights granted at an exercise price not less than fair market value on the date of grant, ("Qualified Performance Awards") or Cash Incentives or Awards that either are not intended so to qualify or are Options or Stock Appreciation Rights intended to qualify for such exception by reason of the special rules under Section 162(m) of the Code applicable to stock options and stock appreciation rights granted at an exercise price not less than fair market value on the date of grant ("Other Performance Awards"). The Committee will determine the performance measures, the period or periods during which performance is to be measured and all other terms and conditions applicable to the Performance Award. The performance measures to which a Performance Award is subject may be related to personal performance, corporate performance, departmental performance or any other category of performance established by the Committee. In the case of a Qualified Performance Award, payment under the Award or of the Cash Incentive must be conditioned on the satisfaction of one or more "qualified performance measures" preestablished by the Committee in accordance with the rules under Section 162(m) of the Code and on certification (within the meaning of the rules under Section 162(m) of the Code) by the Committee that such measure or measures have been met or exceeded. For purposes of the preceding sentence, a qualified performance measure is an objectively determinable measure of performance based on any one or more of the following (on a consolidated, divisional, subsidiary, line of business or geographical basis or in combinations thereof): (i) sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation or amortization, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; inventory level or turns; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; or any combination of the foregoing; or (ii) acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; recapitalizations, restructurings, financings (issuance of debt or equity) and refinancings; transactions that would constitute a change of control; or any combination of the foregoing. A qualified performance measure and targets with respect thereto

determined by the Committee need not be based upon an increase, a positive or improved result or avoidance of loss. The maximum number of shares of Stock subject to Performance Awards (other than Cash Incentives) awarded to any Participant in any three-calendar-year period shall be 5,000,000 shares. The maximum amount payable under Cash Incentives to any Participant for any year shall be \$5,000,000.

6.6. Loans and Supplemental Grants.

(a) Loans. The Company may make a full recourse loan to a Participant, either at the time of or after the grant to him or her of any Award. Such a loan may be made in connection with either the purchase of Stock under the Award or the payment of any federal income tax in respect of income recognized as a result of the Award. The Committee will have full authority to decide whether to make such a loan and to determine the amount, terms and conditions of the loan, including the interest rate (which may be zero), whether the loan is to be secured or unsecured, the terms on which the loan is to be repaid and the conditions, if any, under which it may be forgiven. However, no loan may have a term (including extensions) exceeding ten years in duration.

(b) Cash Grants. In connection with any Award, the Committee may at the time such Award is made or at a later date provide for and make a cash payment to the Participant not to exceed an amount equal to (a) the amount of any federal, state and local income tax on ordinary income for which the Participant will be liable with respect to the Award, plus (b) an additional amount on a grossed-up basis necessary to make him or her whole after tax, discharging all the Participant's income tax liabilities arising from all payments under this Section 6, all based on such reasonable estimates of applicable tax rates as the Committee may determine.

6.7. Other Stock-Based Awards.

(a) Nature of Awards. The Committee may grant other Awards under which Stock is or may in the future be acquired ("Other Stock-Based Awards"). Such Awards may include, without limitation, debt securities convertible into or exchangeable for shares of Stock upon such conditions, including attainment of performance goals, as the Committee shall determine. Such convertible or exchangeable securities may have such terms and conditions as the Committee may determine at the time of grant. However, no convertible or exchangeable debt shall be issued unless the Committee shall have provided (by Company right of repurchase, right to require conversion or exchange, or other means deemed appropriate by the Committee) a means of avoiding any right of the holders of such debt to prevent a Company transaction by reason of covenants in such debt.

(b) Purchase Price; Form of Payment. The Committee may determine the consideration, if any, payable upon the issuance or exercise of an Other Stock-Based Award. The Committee may permit payment by certified check or bank check or other instrument acceptable to the Committee or by surrender of other shares

of Stock (excluding shares then subject to restrictions under the Plan).

(c) Forfeiture of Awards; Repurchase of Stock; Acceleration or Waiver of Restrictions. The Committee may determine the conditions under which an Other Stock-Based Award shall be forfeited or, in the case of an Award involving a payment by the recipient, the conditions under which the Company may or must repurchase such Award or related Stock. At any time the Committee may in its sole discretion accelerate, waive or amend any or all of the limitations or conditions imposed under any Other Stock-Based Award.

7. Events Affecting Outstanding Awards

7.1. Death.

Except as the Committee may otherwise determine, if a Participant dies the following will apply:

(a) All Options and Stock Appreciation Rights held by the Participant immediately prior to death, whether or not otherwise exercisable, may be exercised by the Participant's executor or administrator or the person or persons to whom the Option or Stock Appreciation Right is transferred by will or the applicable laws of descent and distribution, at any time within the one year period ending with the first anniversary of the Participant's death (or such shorter or longer period as the Committee may determine), and shall thereupon terminate. In no event, however, shall an Option or Stock Appreciation Right (i) be or become exercisable pursuant to this subsection prior to the date (upon or following a spin-off of the Company), if any, specified with respect to other exercises of the Option or Stock Appreciation Right pursuant to Section 9(a)(i), or (ii) remain exercisable beyond the latest date on which it could have been exercised without regard to this Section 7.

(b) All Restricted Stock held by the Participant must be transferred to the Company (and, in the event the certificates representing such Restricted Stock are held by the Company, such Restricted Stock will be so transferred without any further action by the Participant) in accordance with Section 6.3(c).

(c) Any payment or benefit under a Deferred Stock Award, Performance Award or Other Stock-Based Award to which the Participant was not irrevocably entitled prior to death will be forfeited and the Award canceled as of the time of death.

7.2. Termination of Service (Other Than By Death).

If (i) a Participant who is an Employee ceases to be an Employee for any reason other than death, (ii) there is a termination (other than by reason of death or satisfactory completion of the project or service as determined by the Committee) of the consulting, service or similar relationship in respect of which a non-Employee Participant was granted an Award hereunder or (iii) a New Hire's offer of employment is terminated prior to the New Hire commencing

employment with the Company or the New Hire does not commence his or her employment with the Company within two months after receipt of an Award hereunder (such termination of the employment or other relationship being hereinafter referred to as a "Status Change"), then, except as the Committee may otherwise determine, the following will apply:

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(a) All Options and Stock Appreciation Rights held by the Participant that were not exercisable immediately prior to the Status Change shall terminate at the time of the Status Change. Any Options or Stock Appreciation Rights that were exercisable immediately prior to the Status Change will continue to be exercisable for a period of ninety (90) days and shall thereupon terminate, unless the Award provides by its terms for immediate termination in the event of a Status Change or unless the Status Change results from a discharge for cause which in the opinion of the Committee casts such discredit on the Participant as to justify immediate termination of the Award. In no event, however, shall an Option or Stock Appreciation Right remain exercisable beyond the latest date on which it could have been exercised without regard to this Section 7. For purposes of this Section, in the case of a Participant who is an Employee, a Status Change shall not be deemed to have resulted by reason of (i) a sick leave or other bona fide leave of absence approved for purposes of the Plan by the Committee, so long as the Employee's right to reemployment is guaranteed either by statute or by contract, or (ii) a transfer of employment between the Company and a subsidiary or between subsidiaries, or to the employment of a corporation (or a parent or subsidiary corporation of such corporation) issuing or assuming an option in a transaction to which Section 424(a) of the Code applies.

(b) All Restricted Stock held by the Participant at the time of the Status Change must be transferred to the Company (and, in the event the certificates representing such Restricted Stock are held by the Company, such Restricted Stock will be so transferred without any further action by the Participant) in accordance with Section 6.3(c) above.

(c) Any payment or benefit under a Deferred Stock Award, Performance Award or Other Stock-Based Award to which the Participant was not irrevocably entitled prior to the Status Change will be forfeited and the Award canceled as of the date of such Status Change.

7.3. Certain Corporate Transactions.

Except as otherwise provided by the Committee, in the event of a consolidation or merger in which the Company is not the surviving corporation or which results (or that is part of a series of related transactions that results) in the acquisition of substantially all the Company's outstanding Stock by a single person or entity or by a group of persons or entities acting in concert, or in the event of the sale or transfer of substantially all the Company's assets or a dissolution or liquidation of the Company (a "covered

transaction"), the following rules shall apply:

(a) Subject to paragraph (b) below, all outstanding Awards requiring exercise will cease to be exercisable, and all other Awards to the extent not fully vested (including Awards subject to conditions not yet satisfied or determined) will be forfeited, as of the effective time of the covered transaction; provided, that the Committee may in its sole discretion, on or prior to the effective date of the covered transaction, (1) make any outstanding Option and Stock Appreciation Right exercisable in full, (2) remove the restrictions from any Restricted Stock, (3) cause the Company to make any payment and provide any benefit under any Deferred Stock Award or Performance Award or (4) remove any performance or other conditions or restrictions on any Award; or

(b) With respect to an outstanding Award held by a Participant who, following the covered transaction, will be employed by or otherwise providing services to an entity which is a surviving or acquiring entity in the covered transaction or an affiliate of such an entity, the Committee may at or prior to the effective time of the covered transaction and in lieu of the action described in paragraph (a) above, arrange to have such surviving or acquiring entity or affiliate assume any Award held by such Participant outstanding hereunder or grant a replacement award which, in the judgment of the Committee, is substantially equivalent to any Award being replaced.

The Committee may also grant Awards under the Plan in substitution for awards held by directors, employees, consultants or advisors of another company who concurrently become directors, employees, consultants or advisors of the Company or a subsidiary of the Company as the result of a merger or consolidation of that other

company with the Company or a subsidiary of the Company, or as the result of the acquisition by the Company or a subsidiary of the Company of property or stock of that other company. Awards granted under the preceding sentence may be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

8. General Provisions

8.1. Documentation of Awards.

Awards will be evidenced by such written instruments, if any, as may be prescribed by the Committee from time to time. Such instruments may be in the form of agreements to be executed by both the Participant and the Company, or certificates, letters or similar instruments, which need not be executed by the Participant but acceptance of which will evidence agreement to the terms thereof.

8.2. Rights as a Stockholder; Dividend Equivalents.

Except as specifically provided by the Plan, the receipt of an Award will not give a Participant rights as a stockholder; the Participant will obtain such rights, subject to any limitations imposed by the Plan or the instrument evidencing the Award, only upon the issuance of Stock. However, the Committee may, on such conditions as it deems appropriate, provide that a Participant will receive a benefit in lieu of cash dividends that would have been payable on any or all Stock subject to the Participant's Award had such Stock been outstanding. Without limitation, the Committee may provide for payment to the Participant of amounts representing such dividends, either currently or in the future, or for the investment of such amounts on behalf of the Participant.

8.3. Conditions on Delivery of Stock.

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan (a) until all conditions of the Award have been satisfied or removed, (b) until, in the opinion of the Company's counsel, all applicable federal and state laws and regulation have been complied with, (c) if the outstanding Stock is at the time listed on any stock exchange or The Nasdaq National Market, until the shares to be delivered have been listed or authorized to be listed on such exchange or market upon official notice of issuance, and (d) until all other legal matters in connection with the issuance and delivery of such shares have been approved by the Company's counsel. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer.

If an Award is exercised by the Participant's legal representative, the Company will be under no obligation to deliver Stock pursuant to such exercise until the Company is satisfied as to the authority of such representative.

8.4. Tax Withholding.

The Company will withhold from any cash payment made pursuant to an Award an amount sufficient to satisfy all federal, state and local withholding tax requirements (the "withholding requirements").

In the case of an Award pursuant to which Stock may be delivered, the Committee will have the right to require that the Participant or other appropriate person remit to the Company an amount sufficient to satisfy the withholding requirements, or make other arrangements satisfactory to the Committee with regard to such requirements, prior to the delivery of any Stock or removal of restrictions thereon. If and to the extent that such withholding is required, the Committee may permit the Participant or such other person to elect at such time

and in such manner as the Committee provides to have the Company hold back from the shares to be delivered, or to deliver to the Company, Stock having a value calculated to satisfy the withholding requirement, but not in excess of the minimum required to satisfy such withholding requirements. The Committee may make such share withholding mandatory with respect to any Award at the time such Award is made to a Participant.

If at the time an ISO is exercised the Committee determines that the Company could be liable for withholding requirements with respect to the exercise or with respect to a disposition of the Stock received upon exercise, the Committee may require as a condition of exercise that the person exercising the ISO agree (a) to provide for withholding under the preceding paragraph of this Section 8.4, if the Committee determines that a withholding responsibility may arise in connection with the exercise, (b) to inform the Company promptly of any disposition (within the meaning of Section 424(c) of the Code) of Stock received upon exercise and (c) to give such security as the Committee deems adequate to meet the potential liability of the Company for other withholding requirements and to augment such security from time to time in any amount reasonably deemed necessary by the Committee to preserve the adequacy of such security.

8.5. Transferability of Awards.

Unless otherwise permitted by the Committee, no Award (other than an Award in the form of an outright transfer of cash or Unrestricted Stock) may be transferred other than by will or by the laws of descent and distribution.

8.6. Adjustments in the Event of Certain Transactions.

(a) In the event of a stock dividend, stock split or combination of shares, recapitalization or other change in the Company's capitalization, or other distribution to holders of Stock other than normal cash dividends, after the effective date of the Plan, the Committee will make any appropriate adjustments to the maximum number of shares that may be delivered under the Plan under Section 4(a) and to the limits described in Sections 4(c) and 6.5.

(b) In any event referred to in paragraph (a) above, the Committee will also make any appropriate adjustments to the number and kind of shares of Stock or securities subject to Awards then outstanding or subsequently granted, any exercise prices relating to Awards and any other provision of Awards affected by such change. The Committee may also make such adjustments to take into account material changes in law or in accounting practices or principles, mergers, consolidations, acquisitions, dispositions or similar corporate transactions, or any other event, if it is determined by the Committee that adjustments are appropriate to avoid distortion in the operation of the Plan.

(c) In the case of ISOs or Awards intended to qualify for the "performance-based compensation" exception under Section 162(m)(4)(C) of the Code, the adjustments described in paragraphs (a) and (b) above will be made only to the extent consistent with continued qualification of the Option or other Award

under Sections 422 or 162(m) of the Code, as the case may be.

(d) For the avoidance of doubt, no adjustment shall be required under this Section 8.6 to reflect the acquisition of additional shares of Stock by Cabletron consistent with, or undertaken to effectuate, the capitalization of the Company assumed in determining the amount, value or exercise price of Awards made prior to an initial public offering of the Stock.

8.7. Employment Rights, Etc.

Neither the adoption of the Plan nor the grant of Awards will confer upon any person any right to continued retention by the Company or any of its subsidiaries as an Employee or otherwise, or affect in any way the right of the Company or any of its subsidiaries to terminate an employment, service or similar relationship at any time. Except as specifically provided by the Committee in any particular case, the loss of

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existing or potential profit in Awards granted under the Plan will not constitute an element of damages in the event of termination of an employment, service or similar relationship even if the termination is in violation of an obligation of the Company or any of its subsidiaries to the Participant.

8.8. Deferral of Payments.

The Committee may agree at any time, upon request of the Participant, to defer the date on which any payment under an Award will be made.

8.9. Past Services as Consideration.

Where a Participant purchases Stock under an Award for a price equal to the par value of the Stock, the Committee may determine that such price has been satisfied by past services rendered by the Participant.

9. Special Provisions Relating to the Reorganization of Cabletron Systems, Inc. and Certain of its Subsidiaries

The provisions of this Section 9 shall apply notwithstanding any other provision in the Plan to the contrary.

(a) It is anticipated that following the effective date of the Plan and a subsequent initial public offering of shares of Stock, stock of the Company held by Cabletron, the Company's parent corporation, may be distributed (a "spin-off") to the shareholders of Cabletron. Similar transactions may be accomplished with respect to other subsidiaries of Cabletron. Without limiting the generality of its authority under the Plan, the Committee may provide that (i) Options and Stock Appreciation Rights will not be exercisable prior to the effectiveness of a spin-off of the Company; and (ii) upon a spin-off of the Company, Options (the "make-up Options") will be granted under the Plan to

certain persons then holding compensatory options to acquire stock of Cabletron in recognition of the effect of such spin-off on the value of such Cabletron options, such make-up Options to have such terms as the Committee shall have determined in conformity with the program for option adjustments approved by Cabletron in connection with the spin-offs of its subsidiaries.

(b) If a Sale (as hereinafter defined) of the Company occurs, the following provisions shall apply (I) to every Option granted to an employee of the Company or its subsidiaries or to an employee of Cabletron or a subsidiary of Cabletron, notwithstanding any provision of such Award to the contrary, and (II) to every other Award to the extent provided in such other Award:

(i) Each Award granted prior to the Sale (an "affected Award") shall be vested (and, in the case of an Award requiring exercise, exercisable) (vesting and exercisability being referred to for purposes of this subsection (b), without distinction, as "vesting"), immediately prior to the Sale, for the "applicable number of shares" as hereinafter defined. In the case of an affected Award requiring exercise, the Company shall give the holder of the Award adequate notice and opportunity to exercise any portion of the affected Award that becomes exercisable by reason of this subsection. For purposes of this paragraph (i), the term "applicable number of shares" means, in the case of any Award, that number of shares for which the Award, but for the operation of any limitation deferring scheduled vesting until the date of a spin-off, would have been vested by the end of the ten (10)-month period following the Sale had the Participant holding the Award immediately prior to the Sale continued in service during such ten (10)-month period.

(ii) Upon consummation of the Sale, if the Sale also constitutes a covered transaction as defined in Section 7.3 each affected Award requiring exercise will cease to be exercisable, and all other affected Awards to the extent not fully vested will be forfeited, except as otherwise provided pursuant to Section 7.3. If the acquiror entity or an affiliate thereof assumes an affected Award, the assumed Award shall be vested from and after the Sale to the extent provided under paragraph (i) above and as to any portion that is not vested by operation of paragraph (i) above shall become vested from and after the Sale in

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accordance with the vesting schedule (determined without regard to any limitation deferring scheduled vesting until the date of a spin-off) that would have applied during the period beginning on the first day following ten (10) months after the date of the Sale, accelerated by ten (10) months. For the avoidance of doubt, in no event shall the assumed Award become vested for more than the total number of Shares subject thereto. If the acquiror entity or an affiliate thereof provides a substitute Award in lieu of assuming an affected Award, such substitute Award shall vest in the same manner as it would have vested had it been an assumed Award.

(iii) For purposes of this subsection (b), a "Sale" of the Company shall be deemed to have occurred if:

(A) Prior to a spin-off of the Company, Cabletron sells or otherwise disposes of (including without limitation by merger) all or substantially all of the stock of the Company that Cabletron owns, or the Company sells or otherwise disposes of all or substantially all of its assets, to an unrelated person or to one or more unrelated persons acting as a group. For the avoidance of doubt, none of the following shall constitute a Sale under the preceding sentence: (1) a spin-off; (2) a liquidation or merger of the Company into Cabletron or into another subsidiary of Cabletron; (3) any other reorganization of the Company or other transaction that results in Cabletron's continuing to own, directly or indirectly, a majority of the combined voting power of all outstanding shares of stock or other equity interests of the Company or of the entity resulting from such reorganization or other transaction; or (4) a disposition by Cabletron of stock of the Company, or by the Company of its stock, in a public offering; or

(B) Following a spin-off of the Company:

(1) any Person (defined for the purpose of this Section 9(b)(iii)(B) as any individual, entity or other person, including a group within the meaning of Section 13(d) or 14(d)(2) of the 1934 Act) acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 30% or more of either (I) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (II) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, that for purposes of this subsection (B)(1) the following acquisitions shall not constitute a Sale: (aa) any acquisition directly from the Company, (bb) any acquisition by the Company, (cc) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or its direct or indirect subsidiaries, or (dd) any Business Combination as defined at paragraph (3) below (but except as provided in said paragraph (3) a Business Combination may nevertheless constitute a Sale under said paragraph (3)); and provided further, that an acquisition by a Person of 30% or more but less than 50% of the Outstanding Company Common Stock or of the combined voting power of the Outstanding Company Voting Securities shall not constitute a Sale under this subsection (B)(1) if within 15 days of the Board's being advised that such ownership level has been reached, a majority of the "Incumbent Directors" (as hereinafter defined) then in office adopt a resolution approving the acquisition of that level of securities ownership by such Person; or

(2) Individuals who, as of the first date following the spin-off (the "Spin Date"), constituted the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority

of the Board; provided, that any individual who becomes a member of the Board subsequent to the Spin Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors shall be treated as an Incumbent Director unless he or she assumed office as a result of an actual or threatened election contest with respect to the election or removal of directors; or

(3) There is consummated a reorganization, merger or consolidation involving the Company, or a sale or other disposition of all or substantially all of the assets of the Company

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(a "Business Combination"), in each case unless, following such Business Combination, (I) the Persons who were the beneficial owners, respectively, of the Outstanding Company Common Stock and of the combined voting power of the Outstanding Company Voting Securities immediately prior to the Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and of the combined voting power of the Outstanding Company Voting Securities, as the case may be, (II) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Employer or of such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors, except to the extent that such ownership existed prior to the Business Combination and (III) at least a majority of the members of the Board resulting from such Business Combination were Incumbent Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(4) The shareholders of the Company approve a complete liquidation or dissolution of the Company."

(c) In the event that Cabletron, by action of its board of directors, determines not to pursue its current intention to cause the Company to undergo an initial public offering or determines not to pursue its current intention to cause the Company to undergo a spin-off from Cabletron, it may provide (any such action to be binding under the Plan) that Options then outstanding under

the Plan ("affected Options") shall be converted into Cabletron options. In the event of any such conversion, the converted Cabletron options shall have such provisions as are determined by Cabletron in its sole and absolute discretion to be necessary to preserve insofar as is practicable the incentive stock option status of any affected Options that are incentive stock options and to provide that (1) the aggregate amount of intrinsic value (that is, the difference between the exercise price and the value of the underlying stock) in the Cabletron options immediately following conversion does not exceed the intrinsic value in the affected Options immediately before the conversion and that (2) the ratio of the exercise price to the value of the underlying stock is not reduced. The new Cabletron options shall have the same vesting and exercisability provisions as the affected Options to which they relate (determined without regard to any limitation on vesting or exercisability that is dependent upon an initial public offering or spin-off of the Company), subject to special rules in the event of a sale or merger of Cabletron. In the event that the Company is not a public company at the time of the conversion described above, the determination of the value of the Company stock shall be made by Cabletron in its sole and absolute discretion. In the event that Cabletron, by action of its board of directors, determines not to pursue its current intention to cause the Company to undergo an initial public offering or determines not to pursue its current intention to cause the Company to undergo a spin-off from Cabletron, and if any Awards other than Options are then outstanding ("affected non-Option Awards"), Cabletron shall provide with respect to such affected non-Option Awards such substitute or replacement awards, including cash awards, if any, as Cabletron in its sole and absolute discretion may determine to be equitable under the circumstances. In the event that Cabletron, by action of its board of directors, determines not to pursue its current intention to cause the Company to undergo a spin-off from Cabletron, and in connection therewith determines that the provisions of this sentence shall apply, any vesting provisions of Options then outstanding under the Plan shall, from and after such date as shall be specified by the board of directors of Cabletron, be determined without regard to any limitation deferring scheduled vesting until the date of a spin-off.

10. Effect, Amendment and Termination

Neither adoption of the Plan nor the grant of Awards to a Participant will affect the Company's right to grant to such Participant awards that are not subject to the Plan, to issue to such Participant Stock as a bonus or otherwise, or to adopt other plans or arrangements under which Stock may be issued to Employees.

The Committee may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, or may at any time terminate the Plan as to any further grants of Awards, provided that (except to the extent expressly required or permitted by the Plan) no such amendment will, without the approval of the stockholders of the Company,

effectuate a change for which stockholder approval is required in order for the Plan to continue to qualify for the award of ISOs under Section 422 of the Code or for the award of performance-based compensation under Section 162(m) of the Code.

RIVERSTONE NETWORKS, INC.
EMPLOYEE STOCK PURCHASE PLAN

SECTION 1. PURPOSE OF PLAN

The Riverstone Networks, Inc. Employee Stock Purchase Plan (the "Plan") is intended to provide a method by which eligible employees of Riverstone Networks, Inc. ("Riverstone") and such of its Subsidiaries as the Board of Directors of Riverstone (the "Board") may from time to time designate (Riverstone and such Subsidiaries being hereinafter referred to as the "Company") may use voluntary, systematic payroll deductions to purchase shares of common stock, \$.01 par value of Riverstone (such common stock being hereafter referred to as "Stock") and thereby acquire an interest in the future of Riverstone. For purposes of the Plan, a "Subsidiary" is any corporation that would be treated as a subsidiary of Riverstone under Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is intended to qualify under Section 423 of the Code and shall be construed accordingly.

SECTION 2. OPTIONS TO PURCHASE STOCK

Subject to adjustment as provided in Section 14, the maximum number of shares of Stock that may be delivered under the Plan pursuant to the exercise of options ("Options") granted hereunder is 1,000,000 shares plus an additional 500,000 shares effective as of the first day of Riverstone's fiscal year ending in each of 2003, 2004, 2005 and 2006. Options shall be granted under the Plan to employees of the Company ("Employees") who meet the eligibility requirements set forth in Section 3 hereof ("Eligible Employees"). The Stock to be delivered upon exercise of Options under the Plan may be either shares of authorized but unissued Stock or shares of reacquired Stock, as the Board may determine.

SECTION 3. ELIGIBLE EMPLOYEES

Subject to the exceptions and limitations set forth below, all Employees are eligible to participate in the Plan.

(a) Any Employee who immediately after the grant of an Option would own (or pursuant to Section 423(b)(3) of the Code would be deemed to own) stock possessing 5% or more of the total combined voting power or value of all classes of stock of the employer corporation or of its parent or subsidiary corporations, as defined in Section 424 of the Code, will not be eligible to receive an Option to purchase Stock pursuant to the Plan.

(b) No Employee will be granted an Option under the Plan that would permit his or her rights to purchase shares of stock under all employee stock purchase plans of the employer corporation and parent and subsidiary corporations to

accrue at a rate which exceeds \$25,000 in fair market value of such stock (determined at the time the Option is granted) for each calendar year during which any such Option granted to such Employee is outstanding at any time, as provided in Section 423 of the Code.

SECTION 4. METHOD OF PARTICIPATION

Each person who will be an Eligible Employee on the first day of an Option Period may elect to participate in the Plan for that Option Period by executing and delivering, by such deadline prior thereto as the Board may specify, such enrollment forms, including a payroll deduction authorization in accordance with Section 5, as the Board may determine. An Eligible Employee who elects to participate in the Plan for an Option Period in accordance with the foregoing will thereby become a participant ("Participant") on the first day of the Option Period and will remain a Participant until his or her participation is terminated as provided in the Plan.

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The Plan shall operate on the basis of consecutive six-month Option Periods commencing January 1 or July 1 and ending (unless abbreviated pursuant to Section 16) on the next following June 30 or December 31; provided, that the first Option Period shall be a short period commencing on the first day of the month coinciding with or next following the date on which Cabletron Systems, Inc. ("Cabletron") distributes to its shareholders the stock of Riverstone held by Cabletron and ending on the next following December 31 or, if earlier, the next following June 30.

SECTION 5. PAYROLL DEDUCTION

Each payroll deduction authorization will request withholding at a rate (in whole percentages) of not less than 1% nor more than 10% of Compensation per payroll period, to be accomplished by means of payroll deductions over each Option Period (as defined in Section 8 below) with respect to payroll dates within the Option Period. "Compensation" for this purpose shall include and be limited to base salary and sales commissions. A Participant may (i) change the withholding rate of his or her payroll deduction authorization by written notice delivered to the Company on or before the deadline specified by the Board for the Option Period as to which the change is to be effective, and (ii) not more than once during an Option Period may reduce (but not increase) his or her payroll withholding percentage (within the limits described in the first sentence of this Section 5) with respect to the remainder of such Option Period. All amounts withheld in accordance with a Participant's payroll deduction authorization will be credited to a withholding account maintained in the Participant's name on the books of the Company. Amounts credited to the withholding account shall not be required to be set aside in trust or otherwise segregated from the Company's general assets, and shall not bear interest.

SECTION 6. GRANT OF OPTIONS

Subject to Section 3(b), each person who is a Participant on the first day of an Option Period (the "applicable Period") will be granted, as of such day and for the applicable Period, an Option entitling the Participant to purchase up to, and the right to purchase Stock under the Option will be deemed to accrue for the number of shares equal to, the lesser of (i) and (ii), where

- (i) is the remainder obtained by subtracting (A) the number of shares of Stock, if any, purchased for any earlier Option Period ending in the same calendar year, from (B) the number of shares of Stock obtained by dividing \$25,000 by the fair market value of one share of Stock on the first day of the applicable Period, rounded down to the nearest whole share, and
- (ii) is the number of shares of Stock obtained by dividing the balance of the Participant's withholding account on the last day of the applicable Period by the per-share exercise price for such Period, and rounding down to the nearest whole share;

provided, that the Board in its discretion may further limit the number of shares of Stock subject to Options for any Option Period. Option grants under this Section 6 shall be automatic and need not be separately documented.

SECTION 7. PURCHASE PRICE

The purchase price of Stock issued pursuant to the exercise of an Option will be 85% of the fair market value of the Stock on (a) the date of grant of the Option or (b) the date on which the Option is deemed exercised, whichever is less. Fair market value for any day will mean the Closing Price of the Stock for such day; provided, that if such day is not a trading day, fair market value shall mean the Closing Price of the Stock for the next preceding day which is a trading day. The "Closing Price" of the Stock on any trading day will be the last sale price, regular way, with respect to such Stock, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, with respect to such Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading

on the New York Stock Exchange; or, if such Stock is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Stock is listed or admitted to trading; or, if such Stock is not listed or admitted to trading, the last quoted price with respect to such Stock, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market with respect to such Stock, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or such other similar system then in use; or, if on any such date such Stock is not quoted by any such organization, the average of the closing bid and asked prices with respect to such Stock, as furnished by a professional market maker making a market in

such Stock selected by the Board in good faith; or, if no such market maker is available, the fair market value of such Stock as of such day as determined in good faith by the Board.

SECTION 8. EXERCISE OF OPTIONS

If an Employee is a Participant in the Plan on the last day of an Option Period, he or she will be deemed to have exercised the Option granted to him or her for that Period, unless such Option shall earlier have been canceled pursuant to Section 9. Upon such exercise, Riverstone will apply the balance of the Participant's withholding account to the purchase of the maximum whole number of shares of Stock available for purchase therewith under the Option (as determined pursuant to Section 6) and as soon as practicable thereafter will issue and deliver a certificate or certificates for the purchased shares (or will otherwise evidence the transfer of ownership of said shares) to the Participant and will return to him or her the balance, if any, of his or her withholding account in excess of the total purchase price of the shares so issued; provided, that if the balance left in the account consists solely of an amount equal to the value of a fractional share it will be retained in the Account and carried over to the next Option Period.

Notwithstanding anything herein to the contrary, Riverstone's obligation to issue and deliver shares of Stock under the Plan will be subject to the approval required of any governmental authority in connection with the authorization, issuance, sale or transfer of said shares, to any requirements of any national securities exchange applicable thereto, and to compliance by Riverstone with other applicable legal requirements in effect from time to time.

SECTION 9. CANCELLATION AND WITHDRAWAL

A Participant who holds an Option under the Plan may at any time prior to exercise thereof under Section 8 cancel all (but not less than all) of his or her Options by written notice delivered to the Company. Upon such cancellation, the balance in the Participant's withholding account will be returned to the Participant.

A Participant may terminate his or her payroll deduction authorization as of any date by written notice delivered to the Company prior to such date. A Participant who voluntarily terminates his or her payroll deduction authorization prior to the last day of an Option Period will be deemed to have canceled all of his or her Options then outstanding.

SECTION 10. TERMINATION OF EMPLOYMENT

Except as otherwise provided in Section 11, upon the termination of a Participant's employment with the Company for any reason, he or she will cease to be a Participant, any Option held by him or her under the Plan will be deemed canceled, the balance of his or her withholding account will be returned, and he or she will have no further rights under the Plan.

SECTION 11. DEATH OF PARTICIPANT

A Participant may elect that if death should occur during an Option Period the balance, if any, of the Participant's withholding account at the time of death will be applied at the end of the Period to the exercise of the Participant's Option and the shares thereby purchased under the Option (plus any balance remaining in the

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Participant's withholding account) will be delivered to the Participant's beneficiary or beneficiaries. If the Participant has more than one beneficiary, the Company will determine the allocation among them and its determination will be final and binding on all persons. Except as otherwise determined by the Board (which may establish a procedure for the designation of beneficiaries under the Plan), a Participant's beneficiary(ies) for purposes of the Plan shall be (i) such person or persons as are treated as the Participant's beneficiary(ies) for purposes of the Company group life insurance plan applicable to the Participant, or (ii) in the absence of any beneficiary determined under clause (i) or other designated beneficiary, the Participant's estate.

SECTION 12. EQUAL RIGHTS; PARTICIPANT'S RIGHTS NOT TRANSFERABLE

All Participants granted Options under the Plan with respect to any Option Period will have the same rights and privileges. Each Participant's rights and privileges under any Option granted under the Plan will be exercisable during the Participant's lifetime only by him or her and except as provided at Section 11 above may not be sold, pledged, assigned, or transferred in any manner. In the event any Participant violates or attempts to violate the terms of this Section, any Options held by him or her may be terminated by the Company and, upon return to the Participant of the balance of his or her withholding account, all of the Participant's rights under the Plan will terminate.

SECTION 13. EMPLOYMENT RIGHTS

Nothing contained in the provisions of the Plan will be construed as giving to any Employee any right of employment or as interfering with the right of the Company to discharge any Employee at any time.

SECTION 14. CHANGE IN CAPITALIZATION

In the event of any change in the outstanding Stock of Riverstone by reason of a stock dividend, split-up, recapitalization, merger, consolidation, reorganization, or other capital change, the aggregate number and type of shares available under the Plan, the number and type of shares under Options granted but not exercised, the maximum number and type of shares purchasable under an Option, and the Option price will be appropriately adjusted.

SECTION 15. ADMINISTRATION OF PLAN

The Plan will be administered by the Board, which will have the right to determine any matters which may arise regarding the interpretation and application of the provisions of the Plan and to make, administer, and interpret such rules and regulations as it deems necessary or advisable. References in the Plan to the Board shall include the Board's delegates to the extent of any delegation by the Board to such delegates of administrative responsibilities hereunder.

SECTION 16. AMENDMENT AND TERMINATION OF PLAN

Riverstone reserves the right at any time to amend the Plan in any manner it may deem advisable, by vote of the Board; provided, that any amendment that would be treated as the adoption of a new plan for purposes of Section 423 of the Code will have no effect unless approved by the shareholders of Riverstone within twelve months before or after its adoption.

The Plan may be suspended or terminated at any time by the Board. In connection therewith, the Board may either cancel outstanding Options or continue them and provide that they will be exercisable either at the end of the Option Period or on such earlier date as the Board may specify (in which case such earlier date shall be treated as the last day of the applicable Option Period).

SECTION 17. APPROVAL OF SHAREHOLDERS

The Plan and the exercisability of Options granted hereunder will be subject to the approval of the shareholders of Riverstone obtained within twelve months before or after the date the Plan is adopted by the Board.

[Ropes & Gray Letterhead]

August 3, 2001

Riverstone Networks, Inc.
5200 Great America Parkway
Santa Clara, CA 95054

Ladies and Gentlemen:

This opinion is furnished to you in connection with a registration statement on Form S-8 (the "Registration Statement"), filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, on or about the date hereof for the registration of 31,000,000 shares of Common Stock, \$0.01 par value (the "Shares"), of Riverstone Networks, Inc., a Delaware corporation (the "Company"). The Shares are issuable under the Company's 2000 Equity Incentive Plan (Amended and Restated) and Employee Stock Purchase Plan (together, the "Plans").

We are familiar with the actions taken by the Company in connection with the Plans. For purposes of our opinion, we have examined and relied upon such documents, records, certificates and other instruments as we have deemed necessary.

Based on the foregoing, we are of the opinion that, when the Shares have been issued and sold and consideration received therefor by the Company in accordance with the terms of the applicable Plan, the Shares will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

It is understood that this opinion is to be used only in connection with the offer and sale of Shares while the Registration Statement is in effect.

Very truly yours,

/s/ Ropes & Gray

Ropes & Gray

CONSENT OF KPMG LLP

The Board of Directors
Riverstone Networks, Inc.:

We consent to the incorporation by reference in this registration statement on Form S-8 of Riverstone Networks, Inc. of our report dated March 22, 2001, except as to note 23 which is as of March 28, 2001, relating to the consolidated balance sheets of Riverstone Networks, Inc. and subsidiaries as of February 29, 2000 and March 3, 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended March 3, 2001, which report appears in the annual report on Form 10-K of Riverstone Networks, Inc. for the fiscal year ended March 3, 2001.

/s/ KPMG LLP

Mountain View, California
August 2, 2001