FENWICK & WEST LLP

555 CALIFORNIA STREET, 12TH FLOOR SAN FRANCISCO, CA 94104
TEL 415.875.2300 FAX 415.281.1350 WWW.FENWICK.COM

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April 23, 2007

GERALD AUDANT

EMAIL GAUDANT@FENWICK.COM
DIRECT DIAL 415.875.2362

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VIA COURIER

Mr. W. Anthony Colbert
Department of Corporations
Securities Regulation Division
71 Stevenson Street, Suite 2100
San Francisco, California 94105

Re: Cisco Systems, Inc.
Request for Permit Pursuant to Section 25121
Request for Hearing Pursuant to Section 25142

Dear Mr. Colbert:

Enclosed herewith is a revised draft Amendment No. 1 (the "**Amendment**") to the Application for Qualification of Securities of Cisco Systems, Inc., a California corporation ("**Cisco**"), filed on February 8, 2007 with the Department of Corporations of the State of California (the "**Department**") pursuant to Section 25121 of the California Corporations Code (the "**Application**"). The Application relates to the issuance by Cisco of securities to the securityholders of IronPort Systems, Inc., a Delaware corporation ("**IronPort**"), in connection with Cisco's acquisition of IronPort pursuant to an Agreement and Plan of Merger and Reorganization, dated as of December 29, 2006, as amended by Amendment No. 1 dated as of February 5, 2007 (as amended, the "**Merger Agreement**").

The Amendment attaches the following exhibits:

- Revised Form of Notice of Hearing (Exhibit F-1 to the Amendment);
- Revised Information Statement (Exhibit F-2 to the Amendment); and
- Form of Written Consent of IronPort Preferred Stockholders (Exhibit F-4 to the Amendment).

For your convenience, we are also providing you a redline of each of the Amendment and revised Revised Form of Notice of Hearing, showing the changes from the versions provided to you on April 11, 2007.

In addition, set forth below are responses to your requests for supplemental information during our telephone call of April 19, 2007. These responses should be read in conjunction with our written correspondence dated April 11, 2007.

1. **Election Form Mechanics.** Subject to the issuance of the Permit, IronPort will immediately provide and distribute by overnight mail or hand delivery an election form to each IronPort stockholder (in substantially the form attached to the Information Statement as **Exhibit 4** (the "**Election Form**"), along with a prepaid return overnight envelope and a fax cover sheet (each addressed to Heller Ehrman LLP, counsel to IronPort), as well as instructions for e-mailing a PDF version of a completed Election Form. Each IronPort stockholder shall have 6 business days from the date of mailing or hand delivery, to return a properly completed Election Form, by one of the three delivery methods. Each IronPort stockholder who does not otherwise return an Election Form to IronPort on a timely basis or fails to properly complete or execute such document, shall be notified by overnight mail, e-mail or phone call of such failure. Each such IronPort stockholder shall have 3 business days from the date of the notice to submit a properly completed and executed Election Form by one of the three return methods: overnight delivery, fax or PDF by e-mail. The parties shall set the date of the closing, so that each IronPort stockholder shall have the opportunity to return an Election Form within the time periods set forth above. An Election Form shall be effective only if it has been properly completed and executed and is received prior to the close of business on the business day immediately preceding the closing date. If an IronPort stockholder does not otherwise return an Election Form on a timely basis or fails to properly complete or execute such document, such Election Form shall be disregarded and (unless such holder has properly perfected appraisal or dissenters' rights) all of such holder's shares of IronPort capital stock shall be treated as Stock Election Shares.

2. **Possible Redesignation of Elections.** Each IronPort stockholder shall have the opportunity to elect to have each share of its IronPort capital stock converted into the right to receive cash or Cisco common stock (or a combination thereof). After all Election Forms have been received and reviewed, IronPort will inform Cisco of the overall percentage of elections for Cash Election Shares and Stock Election Shares. In order to ensure that the Merger qualifies for, and maintains its status as, a tax-free reorganization, in the event that less than 40% of shares of IronPort capital stock in the aggregate (or the shares of IronPort capital stock issued to former shareholders of PostX) have been elected or shall be treated as Stock Election Shares, then a number of Cash Election Shares shall be reduced and redesignated as Stock Election Shares. The number of Cash Election Shares held by a particular IronPort stockholder (or former PostX shareholder) that will be redesignated will be determined on a pro rata basis according to the number of Cash Election Shares held by such holder relative to the number of Cash Election Shares held by all such holders of Cash Election Shares multiplied by the number required to be redesignated.

3. **Holdings of IronPort Stockholders.** IronPort has informed us that as of December 31, 2006, it believes it had 181 stockholders residing or having a principal place of business in the State of California, which held 89.06% of the outstanding stock of IronPort; 43 stockholders residing or having a principal place of business in the United States but outside of the State of California, which held 9.51% of the outstanding stock of IronPort; and 25

stockholders residing or having a principal place of business outside of the United States, which held 1.43% of the outstanding stock of IronPort, in each case calculated on an as-converted to common stock basis.

4. The "New" IronPort Options. Shortly after the signing of the Merger Agreement, IronPort granted to its employees a total of 7,694,000 options to purchase IronPort common stock (the "**New Options**"). IronPort has also agreed, with Cisco's permission, to grant at least 300,000 New Options to current PostX employees who will become IronPort employees following the completion of IronPort's acquisition of PostX. Of the New Options granted on January 25, 2007 and February 5, 2007, and the New Options allocated for grant to PostX employees (subject to approval by the IronPort Board of Directors), 31.6% in the aggregate were, and are to be, granted to executive-level management employees of IronPort, and 68.4% in the aggregate were, and are to be, granted to non executive-level management employees of IronPort.

IronPort and Cisco believe that long-term incentives in the form of stock options are important to motivate and reward employees for maximizing stockholder value. The reason for granting of the New Options is that such options will assist Cisco going forward in retaining IronPort employees, by enabling such persons to benefit from the future stock appreciation of Cisco. The IronPort Board of Directors, in consultation with the IronPort CEO and Cisco personnel, allocated the New Options based on their collective assessment of the importance of each particular person to IronPort's achieving certain elements of its business objectives post-Merger. The New Options were not granted as an award for past performance (as this factor was not a consideration), nor were they granted based on an employee's title or position. The IronPort CEO himself received no New Options. The New Options were awarded in order to assure the motivation and retention of key personnel of IronPort post-Merger.

5. Shares held by IRA. The Department has requested that we further support the rationale for Cisco entering into a voting agreement and proxy with TTEE FBO Scott Banister Roth IRA H45-5004523-085 Delaware Charter (the "**Banister Roth IRA**").

Based on participation in prior fairness hearings before the Department and attendance at the Department's November 2006 presentation on fairness hearings by members of this firm, as well as our review of the California State Bar publication on fairness hearings, our understanding of the Department's position on voting agreements is as follows:

- Voting agreements with officers, directors and their respective affiliates are generally permissible, so long as the shares covered do not represent an overwhelming majority of the voting stock. This is consistent with the position articulated by the Securities and Exchange Commission in its proposed Rule 159, in which the SEC staff acknowledged the legitimate business reasons for voting agreements in mergers and proposed codifying the staff position that shares

subject to voting agreements could be included in a registration statement covering shares to be issued in the merger without the need for a separate exemption, provided that the voting agreements were limited to officers, directors, founders and their family members and 5% stockholders.

- The Department has expressed concerns with voting agreements involving founders that have not participated in control of the target company for an extended time or children's trusts with trustees other than an officer or director, as such founders or trustees may not have sufficient access to information regarding the terms of a proposed transaction or the requisite sophistication to evaluate such terms.

For the reasons set forth below, we respectfully submit that the voting agreement and proxy with the Banister Roth IRA are permissible and consistent with the Department's expressed position on the topic.

- Scott Bannister is a founder of IronPort and currently serves as a member of IronPort's Board of Directors and as the Vice President of Corporate Strategy. This is clearly distinguishable from the situation described above where the founder had been disassociated from the target company for an extended time. As an executive officer and member of the IronPort Board, he was fully knowledgeable of the negotiations with Cisco and ultimately involved in the approval of the Merger Agreement and its terms. Accordingly, given his positions at IronPort and involvement in the transaction, we believe he himself would fall squarely within the bounds of the existing exemption for the class of informed and sophisticated individuals with whom Cisco could permissibly enter into voting agreements and proxies.

- We believe the Banister Roth IRA is most appropriately viewed as an extension, alter ego or affiliate of Mr. Banister himself and not as an unsophisticated stockholder for whom a separate exemption would be required in connection with the voting agreement and proxy because:

    - As described in the Amendment, the Banister Roth IRA has entered into an express irrevocable proxy which states that it "irrevocably appoints Scott Banister, as the sole and exclusive attorney and proxy of the Banister Roth IRA, with full power of substitution and resubstitution, to the full extent of voting rights with respect to the shares owned and any and all other shares or securities issued or issuable in respect thereof."

    - There is a uniform identity of interest between Mr. Banister and the Banister Roth IRA, since Mr. Banister is not only the sole trustee and the

sole holder of all voting power with respect to IronPort shares held by the IRA, but he is also the IRA's sole beneficiary. Given Mr. Banister's status as founder, officer and director of IronPort, we respectfully submit that imputing his informed, affiliate status to the Banister Roth IRA, of which he is sole trustee, proxy holder and beneficiary, is reasonable and consistent with the intent of the relevant securities regulation and the Department's policy.

- Cisco had, and continues to have, a compelling business interest in requiring the Banister Roth IRA to be a signatory to the voting agreement and proxy. In light of the significant management effort, diligence investigation and transaction costs invested by Cisco in the proposed Merger, as well as the fact that Cisco has publicly announced the proposed Merger as a strategic transaction, Cisco believes it is important to have the voting agreements and proxies to provide assurances that the Merger has a strong probability of occurring. While the shares of IronPort common stock covered by voting agreements and proxies represented approximately 60% of the shares of common stock outstanding as of December 29, 2006, due to a significant number of option exercises in the intervening period, were the voting agreement and proxy with the Banister Roth IRA to be terminated at the present time, less than a majority of the currently outstanding shares of common stock would be covered by the remaining voting agreements and proxies. Such an outcome would in effect deprive Cisco of the benefit of the assurances that it had previously bargained for and relied upon in reaching its decision to enter into the Merger Agreement.

6. Acceleration of Options. The Department has requested that we further support the rationale from a fairness perspective for the acceleration terms provided to certain IronPort executives contained in their employment arrangements with Cisco compared to those of rank and file IronPort employees. For the reasons set forth below, we respectfully submit that the proposed acceleration benefits are reasonable under the circumstances and fair to the IronPort securityholders taken as a whole.

- Cisco has not materially increased the previously-existing acceleration benefits held by the IronPort executives that Cisco has deemed key employees. As described in the Amendment, IronPort's existing change of control policy for executives provides that the covered individuals will receive between 50-100% acceleration in the event that they are terminated without "cause" or constructively terminated for "good reason" within 12 months following the merger with Cisco. In order to retain the services of, and incentivize these individuals, whom Cisco has determined are critical to the ongoing success of the Merger, to accept employment with Cisco, Cisco required that such individuals waive their acceleration provisions in connection with the Merger, confirming

that their employment with Cisco does not constitute constructive termination of their employment positions allowing them to claim "good reason" termination. However, these individuals, were only willing to waive their existing contractual rights if they were entitled to receive this same acceleration, in the event of a termination by Cisco without "cause" or constructive termination for "good reason" following the Merger.[1] Also, in connection with this negotiation between Cisco and these individuals, (i) the definitions for "cause" and "good reason" were conformed to standard Cisco terms (which are generally more restrictive and less favorable to the executives); (ii) the post-Merger protective period was extended from 12 to 24 months; and (iii) the acceleration protection was limited to only existing IronPort equity grants, and did not extend to the New Option grants or any post-Merger equity grants made by Cisco. In short, this "give back" of acceleration was an essential element of a multi-pronged negotiation with these executives, who were deemed critical to the success of the transaction by Cisco, in which such executives also agreed to restrictive terms that were not applied to other IronPort employees.

- Cisco did not modify the already-existing acceleration benefits held by the IronPort executives that Cisco did not deem key employees. As described in the permit application materials, IronPort's existing change of control policy for executives provides that the covered individuals will receive between 50-100% acceleration in the event that they are terminated without "cause" or constructively terminated for "good reason" within 12 months following the merger with Cisco. Cisco intends to honor this arrangement in accordance with its terms (including by not requiring any more restrictive definition of "cause" or "good reason") and has not entered into employment arrangements with these individuals granting them increased acceleration benefits.

- Cisco did not modify the already-existing acceleration benefits held by the IronPort rank and file employees. As described in the Amendment, IronPort's 2001 Stock Plan provides that any continuing employee who is terminated without "cause" within 12 months following the merger with Cisco will receive 25% acceleration. Cisco intends to honor this arrangement in accordance with its terms (including by not requiring any more restrictive definition of "cause"). This arrangement leaves these rank and file IronPort employees with more favorable acceleration protection for a termination without "cause" than similarly situated

[1] Note that one of the key employees (Peter Schlampp) was not covered under the IronPort change of control policy (and was accordingly only entitled to 25% acceleration for a termination without "cause" within 12 months following the merger provided to all employees under IronPort's 2001 Stock Plan). Mr. Schlampp did receive additional protection for a constructive termination for "good reason" (his percentage acceleration remained unchanged).

rank and file employees hired directly by Cisco, who generally do not receive such acceleration protection.

- Cisco has provided that IronPort may grant up to 9,000,000 New Options to IronPort employees without reduction in the merger consideration formulas in the merger agreement. All of these New Options will contain uniform terms (which do not feature acceleration) across all recipients, including both IronPort executives and rank and file employees. Accordingly, no additional acceleration benefits are being conferred on the IronPort executives in this regard.

- As to the question of whether the pre-existing acceleration arrangements for IronPort executives were fair to the IronPort securityholders as a whole, although this firm is not counsel to IronPort and was not involved in the negotiation of such arrangements, we observe the following:

    - In our experience, private companies must rely more heavily on equity compensation instead of cash in order to attract potential employees and incentivize and align the interests of such employees to maximize stockholder value. This is particularly true for senior management, who typically receive larger equity awards in recognition of their greater individual importance to the success of the business and greater job responsibilities. Members of senior management also typically receive greater acceleration protection than rank and file employees in connection with a change of control in recognition of the fact that their job responsibilities are more likely to be adversely effected in such an event. For example, the chief executive officer, who currently acts as the primary decision maker in day to day operations for the entire company and is typically a member of the board of directors, will often find himself or herself after an acquisition sharing responsibility for management of a discrete business unit of the acquiror and subject to the strategic and operational directives made at the corporate level by the board of directors and executive officers of the acquiror. Likewise, the chief financial officer or controller will often find his or her position eliminated at the acquiror due to redundancies. Conversely, a rank and file software engineer is less likely to experience significant disruption in his or her job responsibilities following the acquisition. Given this, many senior managers will not accept employment at a private company without an increased degree of acceleration protection in the event of a change of control.

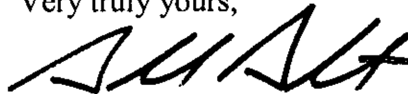
    - These sorts of acceleration arrangements for senior management are typically approved by the board of directors of a subject company. When

approving such acceleration arrangements, board members have fiduciary duties to stockholders under state law. They also must be cognizant of the fact that any acceleration protection granted to senior management has the potential to dilute the ownership interests of the venture capital funds and other significant stockholders electing such board members. Nevertheless, these board members in the exercise of their business judgment typically approve such acceleration protection in order to attract and retain highly-skilled senior management in a competitive job market.

- Under the Cisco-IronPort merger agreement structure, the receipt of acceleration benefits by any continuing IronPort employee, whether a key executive, non-key executive or rank and file employee, will not reduce the amount of merger consideration payable to any other IronPort securityholder. The entire IronPort securityholder base benefits from the Cisco merger, which values their securities at a premium and also allows them to receive liquid merger consideration (in the form of cash and/or freely-tradable Cisco stock) in exchange for their currently illiquid IronPort securities. Cisco's willingness to proceed with this transaction, as in the many other transactions in its extensive acquisition program, is premised in part on preserving a strong incentive for key management employees to continue to provide service to the combined company and successfully integrate the acquired business. The waiver and "give back" of existing acceleration terms is a key element of this retention and incentivization imperative.

If you require additional information regarding this matter, please call me at (415) 875-2362. Thank you in advance for your consideration of this request.

Very truly yours,



Gerald Audant

Enclosures

cc: Mark Gorman, Cisco Systems, Inc.
Doug Cogen & Andrew Luh, Fenwick & West LLP
Keith Valory, IronPort Systems, Inc.
Keith Miller & Jeff Shelby, Heller Ehrman LLP