

ADDENDUM TO TWO-TIER NONEXCLUSIVE DISTRIBUTOR AGREEMENT

This Addendum ("Addendum") to the Two-Tier Nonexclusive Distributor Agreement, dated _____, as amended (the "Agreement"), by and between Cisco Systems International B.V. [**For AU only, delete and replace with: Cisco Systems Australia Pty Ltd**] ("Cisco"), a company incorporated in The Netherlands [**For AU only, delete and replace with: Australia**] having its principal place of business at Haarlerbergpark, Haarlerbergweg 13-19, 1101 CH Amsterdam, The Netherlands [for AU only, deleted and replace with: Level 9, 80 Pacific Highway, North Sydney NSW 2060 Australia, and [**insert full legal entity name of Distributor**] _____ ("Distributor"), a _____ corporation with a place of business at _____, is effective as of the date last signed below ("Addendum Effective Date").

This Addendum consists of and incorporates the following Exhibit(s):

Exhibit A: DPP Program

Exhibit B: DVAD Program [Delete if not required**]**

WHEREAS, Cisco and Distributor have previously entered into the Agreement, which addresses Distributor's ability to act as a distributor of Cisco Products and Services;

WHEREAS, Cisco has created and intends to make available, from time to time, certain programs to support profitability of Cisco distributors ("Distributor Profitability Programs"); **and**

WHEREAS, Cisco has created a Direct Value Add Distributor ("DVAD") Program for the purpose of evaluating methods to differentiate high-value and high-volume business operations under Cisco's worldwide distribution model. [Delete if Distributor opts-out of the DVAD Program**]**

NOW THEREFORE, for such good and valuable consideration as may have been exchanged between the Parties, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the following terms and conditions of this Addendum:

1. Parties agree and acknowledge that as of the Effective Date, all rebate programs under which Cisco provides rebate credits in consideration for the provision by Distributor of Point of Sale data, will terminate with immediate effect irrespective of whether such rebate program was incorporated in to Distributor's Agreement or operated as a discretionary program outside the scope of the Agreement. [**CN to check Distributor Agreement for contractual right to POS rebate and include the following text if required: As such, clause [x.x] of the Agreement is [deleted/modified] as follows:**

[insert clause as modified]

For the avoidance of doubt, nothing in this Addendum modifies the Distributor's ongoing obligations to provide by POS data including all details and other POS requirements as set out in the Agreement.

2. Exhibit A (DPP) is incorporated in to the Agreement.
3. Exhibit B (DVAD Program) is incorporate in to the Agreement.

EXHIBIT A

DISTRIBUTOR PROFITABILITY PROGRAMS

The following Programs may be offered by Cisco on a periodic basis at Cisco's sole discretion. Detailed terms and conditions governing eligibility, claim lodgment, payment and other conditions including, without limitation, any applicable targets and thresholds, will be provided by Cisco to Distributor from time to time.

1. **Cooperative Marketing Fund Program ("Co-op Program"):** Cisco provides to its distributors a Co-op Program through which Cisco will compensate its distributors for mutually agreed-upon activities aimed at the creation of demand for Cisco Products and Services. If approved by Cisco, marketing activities, including advertising, direct mailings, literature, sales promotions, training, seminars, trade shows, infrastructure, and sales support are eligible to be funded by Cisco under the Co-op Program. Cisco will reimburse up to one hundred percent (100%) of costs for all approved activities. As part of the Co-op Program, Cisco will reserve up to one percent (1%) of the Distributor's net POS, net of returns, debits, and credits taken by Distributor, for use in connection with channel marketing activities. Cisco and Distributor agree to comply with all applicable Cisco Co-Op Program guidelines and acknowledge and agree that Cisco may modify or terminate the Co-Op Program at any time as it applies to any future marketing activities that have not been authorized, with no less than thirty (30) days advance notice to Distributor. Notwithstanding anything to the contrary in the applicable Cisco Co-Op Program guidelines, proof of performance documentation for Co-Op programs will be mutually agreed to by the parties. The Co-Op Program may not be available in all regions and the funding reserved by Cisco as part of the Co-Op Program may vary by region. Cisco will use commercially reasonable efforts to provide reimbursement to Distributor within thirty (30) days from the date of Cisco's receipt and review of the required supporting documentation. Cisco shall provide the terms and conditions of the Co-Op Program for a particular Territory to Distributor, as applicable.
2. **Consistent Incentive Rebates ("CIR"):** An incentive program, CIR will be available to support and reward Distributor's strategic alignment with Cisco. CIR is based on the attainment of key sales, financial or operational metrics that have been previously agreed upon between Cisco and Distributor. Program payouts will vary by region. Cisco's target program payout is one-half percent (.5%) of Distributor's net POS, net of returns, debits, and credits taken by Distributor. Distributor agrees to comply with all CIR program guidelines and acknowledges and agrees that Cisco may modify or terminate the CIR program at any time, with no less than thirty (30) days advance notice to Distributor. The CIR program may not be available in all regions. Cisco will use commercially reasonable efforts to make CIR program payouts available to Distributor within thirty (30) days of determination by Cisco of what Distributor's actual CIR program payout will be for any given period of time. Cisco shall provide the terms and conditions of the CIR Program for a particular Territory to Distributor, as applicable.
3. **Management By Objective ("MBO"):** MBO, an incentive program, is available to support and reward Distributor's short-term tactical objectives. Objectives will vary by region. MBO payouts will be based on key performance metrics that have been agreed upon between Distributor and Cisco. Distributor agrees to comply with all MBO program guidelines and acknowledges and agrees that Cisco may modify or terminate the MBO program at any time, with no less than thirty (30) days advance notice to Distributor. The MBO program investment will vary from region to region. Cisco will use commercially reasonable efforts to make MBO program payouts available to Distributor within thirty (30) days of determination by Cisco of what Distributor's actual MBO program payout will be for any given period of time. Cisco shall provide the terms and conditions of the MBO Program for a particular Territory to Distributor, as applicable.

DRAFT

EXHIBIT B

DIRECT VALUE ADD DISTRIBUTOR ("DVAD") PROGRAM

1. The Program is focused on establishing new business practices between Cisco and its distribution base for high-value project based business, as defined herein. The parties agree that Distributor may participate in the Program in the **[Territory – check resale territory as per Agreement]**, subject to the terms and conditions of this Addendum. **[NOTE: Insert appropriate Theatre or region – confirm with your local Disti Ops lead.]**
2. In order to participate in the Program, Distributor shall create a separate purchase account, to be used solely for Distributor's issuance of Purchase Orders ("Orders") to Cisco under the Program. All invoice and payment transactions related to the Program will occur under this separate purchase account. All pricing for Orders will be based on Cisco's Global Price List.
3. Order Qualification Requirements: Each Order submitted under the Program must meet the following criteria:
 - a. The Order must be placed in its entirety on Cisco as a single Purchase Order and must represent a single project. The Order cannot be an aggregation of multiple orders for multiple projects;
 - b. Product included in the Order must meet a minimum net value threshold of one hundred thousand U.S. dollars (\$100,000.00);
 - c. No transactional claims will be permitted on the Orders. The Order must reflect net-pricing (discounting to be applied 'up-front' and reflected in net price on Order) and include the applicable Deal ID provided to Distributor by Cisco; and,
 - d. The Order must identify and include the relevant End-User and Cisco-authorized reseller information.
4. Distributor shall not purchase Product under the Program for the purpose of stocking or replenishing inventory. All sales made by Cisco under the Program are final. In addition, Distributor shall not fulfill Program Orders from Distributor's inventory. For purposes of clarity, any and all terms in the Agreement relating to price protection, obsolete product returns, inventory or stock balancing, and associated Product return rights, shall not apply to Product purchased through the Program. In the event Cisco reasonably believes Distributor has used the Program to procure inventory, or has otherwise abused the Program, Cisco may immediately terminate Distributor's participation in the Program.
5. Product ordered by Distributor under the Program shall not be included in any reporting of Distributor inventory or Point of Sale ("POS") reporting. Distributor agrees to submit monthly sales out reports to Cisco for all Program Orders. **Cisco's audit rights, as set forth in the Agreement, shall apply to purchases made by Distributor under the Program. [Note – confirm audit rights exist in the underlying Agreement. If they do not, please add Cisco's standard audit provision to make sure Cisco has this right.]**
6. For each Order submitted under the Program, Distributor shall, upon request from Cisco, submit to Cisco copies of the relevant shipping documents showing Distributor's shipment of the Product to either the applicable reseller or End User. Cisco acknowledges that, where Distributor is the importer of record, Distributor may need to perform staging activities as it relates to Product purchased under the Program.
7. Participation in the Program does not entitle Distributor to any of the benefits provided under Cisco's Channel Programs to Cisco Direct Value Add Resellers ("DVARs") or any other Cisco-authorized resellers.

8. In no event shall the terms of the Agreement related to price protection, inventory balancing and/or stock rotation apply to the Products ordered under the Program. In measuring Distributor's performance as it relates to Cisco Distribution incentive programs, like CIR and MBO, Cisco will utilize net POS information, as well as Program shipment information.
9. Term: This Addendum shall begin on the Addendum Effective Date and extend for a period of one (1) year, unless earlier terminated as permitted herein or in the Agreement (the "Term"). In the event of the termination or expiration of the Agreement prior to the end of the Term, this Addendum shall immediately terminate on such termination or expiration date. Cisco may terminate the Program and/or this Addendum at any time upon thirty (30) days advance notice to Distributor. Cisco is under no obligation to develop any kind of program, or modify any ordering processes, as a result of the Program. Participation in the Program is at Distributor's expense. Cisco will not be responsible for any costs incurred by Distributor as a result of the Program.
10. General: All capitalized terms in this Addendum not otherwise defined herein shall have the meaning set forth in the Agreement. Except as otherwise expressly modified in this Addendum, all terms and conditions of the Agreement remain unchanged and in full force and effect. This Addendum and the Agreement comprise the complete agreement between the Parties hereto regarding this subject matter. There are no conditions, understandings, agreements, representations, or warranties, expressed or implied, which are not specified herein. In the event of a conflict between the Agreement and this Addendum, this Addendum will prevail with regard to the subject matter herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be duly executed. Each Party warrants and represents that its respective signatories whose signatures appear below have been and are on the date of signature duly authorized to execute this Addendum.

[INSERT DISTRIBUTOR NAME]

[INSERT APPROPRIATE CISCO ENTITY NAME.]

By: _____
Its authorized representative

By: _____
Its authorized representative

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date of signature: _____

Date of signature: _____