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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Romulus Pereira
1077 Castleton Way
Sunnyvale, CA 94087

Robert Stanton
Riverstone Networks, Inc.
5200 Great American Parkway
Santa Clara, CA 95054

DESIST AND REFRAIN ORDER
(For violations of section 25110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Riverstone Networks, Inc. ("Riverstone"), a Delaware corporation, with its principal offices located at 5200 Great American Parkway in Santa Clara, California represents itself to be "a provider of Internet infrastructure equipment to service providers in the metropolitan area network" whose products include "advanced routers and switches." Riverstone was created by the combination of two businesses (Zeitnet and Yago Systems) previously acquired by Cabletron Systems, Inc. ("Cabletron"). Riverstone is a majority owned subsidiary of Cabletron.

2. At all relevant times, Romulus Pereira ("Pereira"), also known as Rom Pereira, was the President and Chief Executive Officer ("CEO") of Riverstone. Pereira also served as a Director of Riverstone and is currently the Chairman of Riverstone's Board of Directors.

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1 3. Robert Stanton ("Stanton") during all relevant times was Riverstone's Chief
2 Financial Officer ("CFO").

3 4. Beginning in May 2000 and continuing thereafter, Riverstone, Pereira or
4 Stanton, and others acting in concert or participation with them, offered or sold
5 securities in the form of options for shares of common stock and common stock of
6 Riverstone to Riverstone's employees, advisors and consultants, and to Cabletron's
7 employees and affiliates through Riverstone's "2000 Equity Incentive Plan."

8 5. Through Riverstone's "2000 Equity Incentive Plan" during the relevant
9 time period the options were for 36,893,300 shares of common stock at a price between
10 \$3.50 and \$12.50 per share.

11 6. The purported purpose of Riverstone's securities offering was to provide
12 compensation and incentives to Riverstone's employees, advisors and consultants as
13 well as to Cabletron's employees and affiliates.

14 7. These securities were offered or sold in this State in issuer transactions.
15 The Department of Corporations has not issued a permit or other form of qualification
16 authorizing any person to offer and sell these securities in this State.

17 Based upon the foregoing findings, the California Corporations Commissioner is
18 of the opinion that the options for shares of common stock and common stock of
19 Riverstone are securities subject to qualification under the California Corporate
20 Securities Law of 1968 and are being or have been offered or sold without being
21 qualified. Pursuant to section 25532 of the Corporate Securities Law of 1968,
22 Riverstone Networks, Inc., Romulus Pereira and Robert Stanton are hereby ordered to
23 desist and refrain from the further offer or sale in the State of California of securities in
24 the form of options for shares of common stock and common stock, unless and until
25 qualification has been made under said law or unless exempt. The sale of such
26 securities is subject to qualification under said law and such securities are being or have
27 been offered for sale without first being so qualified.

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